

**DRAKENSTEIN MUNICIPALITY**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2012**

	Note	JUNE 2012  R	JUNE 2011 Restated R
<b>NET ASSETS AND LIABILITIES</b>			
<b>Net assets</b>		<b>3 619 641 399</b>	<b>3 647 947 083</b>
Housing Development Fund	1	41 672 724	37 581 268
Reserves	2	1 144 982 184	1 154 597 294
Accumulated Surplus / (Deficit)	3	2 432 986 490	2 455 768 520
<b>Non-current liabilities</b>		<b>580 320 436</b>	<b>427 280 511</b>
Long-term liabilities	5	443 252 053	298 336 163
Retirement Benefit Obligation	6	107 767 823	100 976 894
Non-Current Provisions	7	29 300 560	27 967 454
<b>Current liabilities</b>		<b>260 218 591</b>	<b>291 479 744</b>
Consumer deposits	8	22 138 506	19 562 942
Payables from exchange transactions	9	145 286 752	199 875 793
Unspent conditional grants and receipts	10	27 398 961	28 217 577
Current portion of long-term liabilities	5	57 242 133	35 881 062
Current portion of Retirement Benefit Obligation	6	6 299 345	6 013 895
Current Provisions	7	1 852 895	1 928 475
<b>Total Net Assets and Liabilities</b>		<b>4 460 180 426</b>	<b>4 366 707 334</b>
<b>ASSETS</b>			
<b>Non-current assets</b>		<b>4 144 236 000</b>	<b>4 013 212 281</b>
Property, plant and equipment	11	4 093 944 614	3 962 078 241
Intangible Assets	12	6 436 813	4 584 697
Investment property	13	40 450 000	40 450 000
Non current assets classified as held for sale	4	2 009 739	2 009 739
Investments	14	112 000	112 000
Long-term receivables	15	1 282 835	3 977 605
<b>Current assets</b>		<b>315 944 426</b>	<b>353 495 053</b>
Assets classified as held for sale	16	0	0
Inventory	17	47 507 755	40 758 422
VAT	18	19 778 840	23 611 624
Receivables from exchange transactions	19 & 20	102 182 423	99 463 804
Receivables from non-exchange transactions	19.1 & 20.1	34 214 767	23 166 335
Current portion of long-term receivables	15	303 485	259 654
Cash and cash equivalents	21	111 957 156	166 235 214
<b>Total Assets</b>		<b>4 460 180 426</b>	<b>4 366 707 334</b>

**DRAKENSTEIN MUNICIPALITY  
STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED 30 JUNE 2012**

Budget			Actual	
2011 Revised R	2012 Revised R	Note	2012 R	2011 Restated R
REVENUE				
Revenue from exchange transactions				
667 206 664	794 389 541	23	753 048 878	666 967 589
17 271 849	18 335 843	24	18 773 986	17 198 487
8 922 061	8 389 937	25	5 322 775	9 163 180
15 120	0	25	15 120	15 120
8 172 838	8 800 000	25	9 063 784	6 380 589
21 261 962	20 684 373	27	17 262 233	18 608 771
4 000 000	4 000 000		1 329 458	46 435
Revenue from non-exchange transactions				
158 747 483	169 603 446	22	165 731 846	156 232 341
1 759 608	1 450 000		1 207 033	998 169
10 639 929	8 788 500		4 615 860	6 547 058
9 522 020	10 637 750		10 133 545	9 979 748
178 543 936	228 904 835	26	178 606 841	133 450 060
<b>1 086 063 470</b>	<b>1 273 984 225</b>	<b>Total Revenue</b>	<b>1 165 111 358</b>	<b>1 025 587 546</b>
EXPENDITURE				
271 453 424	291 556 387	28	319 077 352	303 205 662
15 472 910	16 926 724	28	16 653 674	15 417 212
25 648 325	26 074 550	29	17 854 920	26 540 663
5 544 000	5 959 800		8 951 735	6 611 895
146 115 728	130 195 510	30	132 890 965	130 319 739
0	0	31	0	0
88 287 254	72 019 384		54 056 421	53 552 701
27 851 814	36 867 554	32	36 853 855	28 113 298
319 405 094	424 231 731	33	429 651 636	333 721 498
9 942 778	9 177 964		8 971 938	9 200 137
618 368	664 743	34	664 727	618 348
191 546 841	189 238 305	35	166 260 714	143 833 500
0	0		2 276 824	183 089
0	0		0	12 845 934
<b>1 101 886 536</b>	<b>1 202 912 652</b>	<b>Total Expenditure</b>	<b>1 194 164 760</b>	<b>1 064 163 674</b>
<b>-15 823 066</b>	<b>71 071 573</b>	<b>Surplus / (Deficit) for the year</b>	<b>-29 053 402</b>	<b>-38 576 128</b>
Refer to Appendix E(1) for explanation of variances				

**DRAKENSTEIN MUNICIPALITY**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2012**

Note		<u>2012</u>	<u>2011</u>
		R	R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	36	73 933 643	146 024 583
Interest and dividends received		5 337 895	9 163 180
Interest paid		(36 853 855)	(28 113 298)
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>42 417 683</b>	<b>127 074 465</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(269 193 064)	(235 696 426)
Purchase of Intangible assets		(2 710 393)	(1 108 399)
Proceeds on disposal of property, plant and equipment		3 704 252	202 962
Decrease/(Increase) in non-current receivables		2 650 940	866 971
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<b>(265 548 265)</b>	<b>(235 734 892)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
New loans raised		166 276 961	82 923 852
Increase in consumer deposits		2 575 564	1 370 809
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>168 852 525</b>	<b>84 294 660</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(54 278 058)</b>	<b>(24 365 767)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>166 235 214</b>	<b>190 600 981</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>		<b>111 957 156</b>	<b>166 235 214</b>

**DRAKENSTEIN MUNICIPALITY**  
**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2012**

	Accumulated Surplus									Total
	Housing	Revaluation Reserve	Government Grants	Capitalisation Reserve	Capital Replacement Reserve	Donations and Public Contributions	Self-Insurance Reserve	Accumulated Surplus due to results of operations	Total Accumulated Surplus	
	R	R	R	R	R	R	R	R	R	R
<b>Restated balance at 30 June 2010</b>	<b>34 712 927</b>	<b>701 910 486</b>	<b>268 547 271</b>	<b>638 244 238</b>	<b>15 255 000</b>	<b>0</b>	<b>2 065 745</b>	<b>1 606 486 474</b>	<b>2 530 598 729</b>	<b>3 267 222 142</b>
Net surplus/(defecit) for the year	0	0	0	0	0	0	0	-38 576 128	-38 576 128	-38 576 128
Transfer to CRR	0	0	0	0	101 712 238	0	0	-101 712 238	0	0
Property, plant and equipment purchased	0	0	0	0	-89 166 637	0	0	89 166 637	0	0
Intangible assets purchased	0	0	0	0	-1 108 399	0	0	1 108 399	0	0
Capital grants used to purchase PPE	0	0	40 383 790	0	0	0	0	-40 383 790	0	0
Contribution to / (from) Insurance Reserve	0	0	0	0	0	0	307 129	0	307 129	307 129
Asset Disposals	0	-112 125	-90 837	0	0	0	0	153 344	62 505	-49 620
Asset Transfers from PPE to Investment property	0	0	0	0	0	0	0	0	0	0
Library Books	0	0	0	0	0	0	0	1 021 951	1 021 951	1 021 951
Fair Value Adjustment	0	27 285 615	0	0	0	0	0	0	0	27 285 615
Fair value adjustment on PPE	0	0	0	0	0	0	0	0	0	0
Transfer to Housing Development Fund	2 868 341	0	0	0	0	0	0	-1 174 571	-1 174 571	1 693 770
Offsetting of Depreciation	0	-5 344 539	-11 420 497	-26 988 543	0	0	0	43 753 578	5 344 539	0
<b>Balance at 30 June 2011</b>	<b>37 581 268</b>	<b>723 739 437</b>	<b>297 419 727</b>	<b>611 255 695</b>	<b>26 692 203</b>	<b>0</b>	<b>2 372 875</b>	<b>1 559 843 656</b>	<b>2 497 584 155</b>	<b>3 258 904 860</b>
<b>Adjustment to additions due to valuation (Ref Note 39)</b>	0	163 219 753			0	0	0	0		163 219 753
<b>Adjustments to disposals due to Valuation (Ref Note 39)</b>	0	-65 343 170	-36 174 046	-19 457 734	0	0	0	0	-55 631 780	-120 974 950
<b>Adjustments to Offsetting of Depreciation due to Valuation (Ref Note 39)</b>	0	(11 750 294)	7 227 323	4 522 971	0	0	0	0	11 750 294	0
<b>Correction of error property not accounted for (Ref Note 39)</b>	0	346 797 420	0	0	0	0	0	0	0	346 797 420
<b>Offsetting of depreciation (Ref Note 39)</b>	0	(2 065 853)	0	0	0	0	0	2 065 853	2 065 853	0
<b>Restated balance at 30 June 2011</b>	<b>37 581 268</b>	<b>1 154 597 294</b>	<b>268 473 003</b>	<b>596 320 931</b>	<b>26 692 203</b>	<b>0</b>	<b>2 372 875</b>	<b>1 561 909 508</b>	<b>2 455 768 520</b>	<b>3 647 947 083</b>
<b>2011</b>										
Net surplus/(defecit) for the year	0	0	0	0	0	0	0	-29 053 402	-29 053 402	-29 053 402
Transfer to CRR	0	0	0	0	46 174 977	0	0	-46 174 977	0	0
Property, plant and equipment purchased	0	0	0	0	-47 149 490.54	0	0	47 149 491	0	0
Intangible assets purchased	0	0	0	0	-2 710 393	0	0	2 710 393	0	0
Capital grants used to purchase PPE	0	0	66 430 669	0	0	0	0	-66 430 669	0	0
Contribution to / (from) Insurance Reserve	0	0	0	0	0	0	-438 697	0	-438 697	-438 697
Asset Disposals	0	-3 391 966	-468 234	-449 798	0	0	0	3 667 612	2 749 581	-642 385
Asset Transfers from PPE to Investment property	0	0	0	0	0	0	0	0	0	0
Library Books	0	0	0	0	0	0	0	0	0	0
Fair Value Adjustment	0	0	0	0	0	0	0	0	0	0
Fair value adjustment on PPE	0	0	0	0	0	0	0	0	0	0
Transfer to Housing Development Fund	4 091 456	0	0	0	0	0	0	-2 262 657	-2 262 657	1 828 799
Offsetting of Depreciation	0	-6 223 144	-11 773 424	-27 686 363	0	0	0	45 682 931	6 223 144	0
<b>Balance at 30 June 2012</b>	<b>41 672 724</b>	<b>1 144 982 184</b>	<b>322 662 015</b>	<b>568 184 770</b>	<b>23 007 296</b>	<b>0</b>	<b>1 934 178</b>	<b>1 517 198 231</b>	<b>2 432 986 490</b>	<b>3 619 641 398</b>

-24 451 518.55

**DRAKENSTEIN MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**1 HOUSING DEVELOPMENT FUND**

**Realised Housing Proceeds**

	2012 R	2011 R
<b>Balance at beginning of the year</b>	<b>32 061 292</b>	<b>28 452 859</b>
Plus : Interest & Redemption & Other on Housing Schemes	2 927 479	3 029 843
Less : (Net Loss) / Surplus on letting schemes	2 262 657	1 174 571
Less : Housing Subsidies Expenditure	-607 816	-595 982
<b>Balance at the end of the year</b>	<b>36 643 612</b>	<b>32 061 292</b>
<b>Unrealised Housing Proceeds</b>		
<b>Balance at beginning of the year</b>	<b>5 519 977</b>	<b>6 260 068</b>
Long term Housing Loans	-490 865	-740 091
<b>Balance at the end of the year</b>	<b>5 029 112</b>	<b>5 519 977</b>

<b>TOTAL</b>	<b>41 672 724</b>	<b>37 581 268</b>
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**The Housing Development Fund is represented by the following assets and liabilities**

Property plant and equipment ( see note 11 )	230 226 747	235 260 295
Housing selling schemes loans ( see note 15 )	5 029 111	5 519 976
Housing selling schemes Debtors ( see note 19 )	469 612	401 968
Housing rental schemes Debtors ( see note 19 )	2 264 511	4 129 044
<b>Sub-Total</b>	<b>237 989 981</b>	<b>245 311 282</b>
Creditors ( Unspent grants )	-8 077 003	-8 978 771
Re-valuation Reserve	-1 906 666	-36 051 221
Bank Overdraft	-186 333 588	-162 700 022
<b>Total Housing Development Fund Assets and Liabilities</b>	<b>41 672 724</b>	<b>37 581 268</b>

**2. REVALUATION RESERVE**

Re-valuation Reserve	1 144 982 184	1 154 597 294
<b>Total Reserves</b>	<b>1 144 982 184</b>	<b>1 154 597 294</b>

The Revaluation Reserve arises on the revaluation of Land and Buildings. Where revalued Land or Buildings are sold, the portion of the Revaluation Reserve that relates to that asset, and is effectively realised, is transferred directly to Accumulated Surplus.

Distributions from the Revaluation Reserve can be made where they are in accordance with the requirements of the municipality's accounting Policy and relevant case law. The payment of cash distributions out of the reserve is restricted by the terms of the municipality's Accounting policy. These restrictions do not apply to any amounts transferred to Accumulated Surplus. The Council do not currently intend to make any distribution from the Revaluation Reserve.

Refer to Statement of Changes in Net Assets for more detail and the movement on Reserves.

**3 ACCUMULATED SURPLUS**

Capital Replacement Reserve	23 007 296	26 692 203
Capitalisation Reserve	568 184 770	596 320 931
Self-insurance Reserve	1 934 178	2 372 875
Government grant and subsidies	322 662 015	268 473 003
Accumulated Surplus due to the results of Operations	1 517 198 231	1 561 909 508
<b>Total Accumulated Surplus</b>	<b>2 432 986 490</b>	<b>2 455 768 521</b>

The **Capital Replacement Reserve** is a reserve to finance future capital expenditure and is fully invested in ring-fenced Financial Instrument Investments.

The **Capitalisation Reserve** equals the carrying value of the items of property, plant and equipment from the former legislated funds. The Capitalisation Reserve ensures consumer equity and is not backed by cash.

The Capital Replacement Reserve and the Self-Insurance Reserve is fully funded and invested in ring-fenced financial instruments.

Refer to Statement of Changes in Net Assets for more detail and the movement on Accumulated Surplus.

**4. NON CURRENT ASSETS CLASSIFIED AS HELD- FOR- SALE**

Other Assets held for sale	2 009 739	2 009 739
<b>Total Assets classified as Non Current Assets Held-for-Sale</b>	<b>2 009 739</b>	<b>2 009 739</b>

**5. LONG-TERM LIABILITIES**

Annuity Loans	500 494 186	334 133 285
Finance Leases	0	83 942
<b>Sub-total</b>	<b>500 494 186</b>	<b>334 217 227</b>
Less : Current portion transferred to current liabilities	-57 242 133	-35 881 062
Annuity Loans	-57 242 133	-35 797 120
Finance Leases	0	-83 942
<b>Total Long-term liabilities (Refer to Appendix A for more detail)</b>	<b>443 252 053</b>	<b>298 336 165</b>

## 5.1 Summary of Arrangements

Annuity Loans are repaid over periods varying from 3 to10 (2011: 5 to10) years and at interest rates varying from 6.75% to 15.00% (2011: 6.75% to 16.95%) per annum. Annuity Loans are not secured.

The fair value of Long-term Liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

Refer to Appendix "A" for more detail on Long-term Liabilities.

## 5.2 Obligations under Finance Leases

### The Municipality as Lessee:

Finance Leases relate to Property and Equipment with lease terms not more than 5 years. The municipality has options to purchase the Equipment for a nominal amount at the conclusion of the lease agreements. The municipality's obligations under Finance Leases are secured by the lessors' title to the leased assets.

The obligations under Finance Leases are as follows:

Amounts payable under finance leases:	Minimum lease payments		Present value of minimum lease payments	
	2012	2011	2012	2011
	R	R	R	R
Payable within one year	0	92 030	0	83 942
Payable within two to five years	0	0	0	0
Payable after five years	0	0	0	0
<b>Present value of lease obligations</b>	<b>0</b>	<b>92 030</b>	<b>0</b>	<b>83 942</b>
<b>Less: Amounts due for settlement within 12 months</b>			0	-83 942
<b>Amount due for settlement after 12 months</b>			<b>0</b>	<b>0</b>

Finance leases have been entered into for certain items of plant and equipment. The period of the leases are 5 years. Interest rates are fixed at the inception of the agreements. No arrangements have been entered into for contingent rental payments. The leased term for these equipment is for the major part of the economic life of the asset even if Ownership is not transferred.

All financing leases were redeemed as on 30 June 2012

## 6. RETIREMENT BENEFIT OBLIGATION

	2012	2011
	R	R
Post Employment Health Care Benefits	107 288 303	100 346 801
Ex-Gratia Pension Benefits	6 778 855	6 644 414
	114 067 158	106 991 215
Less: Transfer to Current Obligations	-6 299 345	-6 013 895
Post Employment Health Care Benefits	-5 632 308	-5 640 927
Ex-Gratia Pension Benefits	-667 037	-372 968
	<b>107 767 813</b>	<b>100 977 320</b>

### 6.1 Post Employment Health Care Benefits

The municipality provides certain post-retirement medical benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2012 by Mr. Chanan Weiss of Arch Actuarial Consultants cc. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The Post Employment Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service Members (Employees)	553	574
Continuation Members (Retirees)	219	214
<b>Total Members</b>	<b>772</b>	<b>788</b>

The liability in respect of past service has been estimated as follows:

In-service Members	26 780 499	41 686 000
Continuation Members	79 770 376	73 900 000
<b>Total Liability</b>	<b>106 550 875</b>	<b>115 586 000</b>

The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:

- Bonitas
- Hosmed
- Global Health
- LA Health
- Munimed
- Pro Sano
- Samwumed

The Future-service Cost for the ensuing year is estimated to be R1,899.338 ( 2011: R2,743,617) whereas the Interest Cost for the year after is estimated to be R7,722,166 (2011: R9,928,889)

The principal assumptions used for the purposes of the actuarial valuations were as follows:

**i) Rates of Interest**

Discount Rate	7.44%	8.59%
Health Care Cost Inflation Rate	6.81%	7.38%
Net Effective Discount Rate	0.59%	1.13%

**ii) Mortality rates**

The PA 90 ultimate Mortality table was used by the actuaries.

**iii) Normal retirement age**

Expected Retirement Age is 60 or 65, depending on terms of employment contract.

**The amounts recognised in the Statement of Financial Position are as follows:**

Fair value of plan assets	0	0
Unrecognised Actuarial Gains / (Losses)	-15 807 650	-15 261 295
Present value of unfunded obligations	122 358 525	115 586 597
<b>Total Benefit Liability</b>	<b>106 550 875</b>	<b>100 325 302</b>

**The amounts recognised in the Statement of Financial Performance are as follows:**

Current service cost	2 743 617	2 827 482
Interest cost	9 928 889	9 330 637
Actuarial losses / (gains) recognised	170 000	22 473

**Total Post-retirement Benefit included in Employee Related Costs (Note 28)**

<b>12 842 506</b>	<b>12 180 592</b>
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**Movements in the present value of the Defined Benefit Obligation were as follows:**

Balance at the beginning of the year	100 346 801	93 494 108
Service costs	2 743 617	2 827 482
Interest cost	9 928 889	9 330 637
Benefits paid	-5 900 578	-5 327 899
Actuarial losses / (gains) recognised	170 000	22 473
Over provision of the opening balance	-426	

**Present Value of Fund Obligation at the end of the Year**

<b>107 288 303</b>	<b>100 346 801</b>
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**Movements in the present value of the Defined Benefit Assets were as follows:**

Balance at the beginning of the year	0	0
Contributions from the employer	5 900 578	5 327 899
Benefits paid	-5 900 578	-5 327 899

**Balance at the end of the year**

<b>0</b>	<b>0</b>
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**The history of experienced adjustments is as follows:**

	2012	2011 R	2010 R	2009 R	2008 R
Present Value of Defined Benefit Obligation	106 550 875	115 586 597	104 369 540	98 549 847	85 484 868
Fair Value of Plan Assets	0	0	0	0	0
<b>Deficit</b>	<b>106 550 875</b>	<b>115 586 597</b>	<b>104 369 540</b>	<b>98 549 847</b>	<b>85 484 868</b>

Experienced adjustments on Plan Liabilities	0	0	0	0	0
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The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:

	Decrease	Decrease
Effect on the aggregate of the current service cost and the interest cost	1 899 300	2 744 000
Effect on the defined benefit obligation	122 358 525	115 587 000

The municipality expects to make a contribution of R5,632,308 (2011: R5,640,927) to the Defined Benefit Plan during the next financial year.

Refer to Note 48 "Other Retirement Benefit Information" to the Annual Financial Statements for more information regarding the municipality's other retirement funds that is Provincially and Nationally administered.

**6.2 Ex-Gratia Pension Benefits**

The Municipality provides pension benefits to all employees that are not members of the Pension - or Provident Funds, that have completed at least 10 years of service at the Council and have reached the age of 60.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2012 by Mr. Chanan Weiss of Arch Actuarial Consultants cc. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The Ex-Gratia Pension Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service Members (Employees)	419	364
Continuation Members (Retirees)	42	96
<b>Total Members</b>	<b>461</b>	<b>460</b>

The liability in respect of past service has been estimated as follows:

In-service Members	0	0
Continuation Members	8 865 338	7 683 317
<b>Total Liability</b>	<b>8 865 338</b>	<b>7 683 317</b>

The contribution rate payable is as follows:

For continuation members, the member contribution is 70 % and the Council contribution is 30%. For current employees the contribution rate is 60/40.

The interest-cost for the next year is estimated to be R667,037 (2011: R457,961). Actuaries are of opinion that future service cost need not be determined for pension fund liability as all benefits vests immediately.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

**i) Rates of Interest**

Discount Rate	7.19%	8.59%
Pension increase rate - pensioners	6.08%	7.38%
Net Effective Discount Rate	1.05%	1.13%

**ii) Mortality rates**

The PA 90 ultimate Mortality table was used by the actuaries.

**iii) Normal retirement age**

Expected Retirement Age is 60 or 65, depending on terms of employment contract.

**The amounts recognised in the Statement of Financial Position are as follows:**

Fair value of plan assets	0	0
Unrecognised Actuarial Gains / (Losses)	-2 086 483	-252 153
Present value of unfunded obligations	8 865 338	7 683 317

**Total Benefit Liability**

<b>6 778 855</b>	<b>7 431 164</b>
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**The amounts recognised in the Statement of Financial Performance are as follows:**

Current service cost	0	0
Interest cost	592 402	720 528
Actuarial losses / (gains) recognised	0	436 537

**Total Post-retirement Benefit included in Employee Related Costs (Note 28)**

<b>592 402</b>	<b>1 157 065</b>
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**Movements in the present value of the Defined Benefit Obligation were as follows:**

Balance at the beginning of the year	7 431 165	6 766 418
Service costs	0	1 232 523
Interest cost	592 402	720 528
Benefits paid	-457 961	-1 724 841
Actuarial losses / (gains) recognised	0	436 537
Over provision on the opening balance	-786 751	0

**Present Value of Fund Obligation at the end of the Year**

<b>6 778 855</b>	<b>7 431 165</b>
------------------	------------------

**Movements in the present value of the Defined Benefit Assets were as follows:**

Balance at the beginning of the year	0	0
Contributions from the employer	457 961	1 724 841
Benefits paid	-457 961	-1 724 841

**Balance at the end of the year**

<b>0</b>	<b>0</b>
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**The history of experienced adjustments is as follows:**

	2012 R	2011 R	2010 R	2009 R	2008 R
Present Value of Defined Benefit Obligation	6 778 855	7 431 164	6 766 418	3 457 182	3 464 521
Fair Value of Plan Assets	0	0	0	0	0
<b>Deficit</b>	<b>6 778 855</b>	<b>7 431 164</b>	<b>6 766 418</b>	<b>3 457 182</b>	<b>3 464 521</b>
Experienced adjustments on Plan Liabilities	0	0	0	0	0

The effect of a 1% movement in the assumed rate of pension increase inflation is as follows:

	Increase	Increase
Effect on the interest cost	623 219	311 000
Effect on the defined benefit obligation	8 865 338	3 626 000

The municipality expects to make a contribution of R 667,037 (2011: R 457,961) to the Defined Benefit Plan during the next financial year.

The transitional Defined Benefit Liabilities for Post-retirement Ex Gratia Pension Benefits have been recognised in the Annual Financial Statements of the municipality as at 30 June 2006 in terms of IAS 19, Employee Benefits, paragraph 155(a). The municipality has elected to recognise the full increase in this Defined Benefit Liability immediately, thus the full transitional liability have been recognised as at 30 June 2006.

Refer to Note 48 "Other Retirement Benefit Information" to the Annual Financial Statements for more information regarding the municipality's other retirement funds that is Provincially and Nationally administered.

**7. NON-CURRENT PROVISIONS**

7.1. Provision for rehabilitation are reconciled as follows :

<b>16 163 705</b>	<b>18 390 250</b>
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**The movement in Non-current Provisions are reconciled as follows:**

**Landfill site**

Balance at beginning of year	18 390 250	17 627 500
Contributions in current year	1 939 025	1 762 750
Rehabilitation expenditure during the year	-4 165 570	-1 000 000
<b>Balance of landfill site</b>	<b>16 163 705</b>	<b>18 390 250</b>

In terms of Grap 19 , council will incur rehabilitation cost of R18,390,250 to restore the site at the end of its useful life , estimated to be 2015 . Provision has been made for the net present value of this cost using the average cost of borrowing interest rate.



7.2. Provision for Long Service Awards	14 989 750	11 505 680
	<b>14 989 750</b>	<b>11 505 680</b>
Less: Transfer to Current Provisions	-1 852 895	-1 928 475
<b>Total Non-current Provisions</b>	<b>13 136 855</b>	<b>9 577 205</b>

**The movement in Non-current Provisions are reconciled as follows:**  
**Long Service Awards**

Balance at beginning of year	9 577 205	9 947 452
Contributions in current year	1 460 242	1 967 896
Over provision for contributions	468 553	-174 479
Increase in provision (employee costs)	1 884 000	1 732 707
Expenditure incurred (benefits paid)	-1 460 242	-1 967 896
Actuarial Losses / (gains ) recognised	3 060 313	0
Over provision of the opening balance	-321	
	<b>14 989 750</b>	<b>11 505 680</b>
Less: Transfer to Current Provisions	-1 852 895	-1 928 475
<b>Balance of Non-current Provisions at end of year</b>	<b>13 136 855</b>	<b>9 577 205</b>

**Long Service Awards**

The municipality operates a funded defined benefit plan for all its employees. Under the plan, a Long-service Award is payable after 10 years of continuous service and every 5 years thereafter to employees. The provision is an estimate of the long-service based on historical staff turnover. No other long-service benefits are provided to employees.

The most recent actuarial valuation of the present value of the defined benefit provision was carried out at 30 June 2012 by Mr. Chanan Weiss of Arch Actuarial Consultants cc. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

At year end, 1,755 employees were eligible for Long-services Awards.

The Future-service Cost for the ensuing year is estimated to be R1,813,264, whereas the Interest Cost for the year after is estimated to be R905,915.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount Rate	6.44%	8.59%
Expected Rate of Salary Increase	5.97%	6.38%
Net Effective Discount Rate	0.44%	2.08%

**The amounts recognised in the Statement of Financial Position are as follows:**

Fair value of plan assets	0	0
Present value of unfunded obligations	14 989 750	11 505 680
<b>Total Benefit Provision</b>	<b>14 989 750</b>	<b>11 505 680</b>

**The amounts recognised in the Statement of Financial Performance are as follows:**

Current service cost	896 000	930 076
Interest cost	988 000	1 049 634
Past service cost	0	0
Actuarial Losses / (gains ) recognised	3 060 313	-247 003
<b>Total expense included in Employee Related Costs (Note 28)</b>	<b>4 944 313</b>	<b>1 732 707</b>

**Movements in the present value of the Defined Benefit Obligation were as follows:**

Balance at the beginning of the year	11 505 679	11 740 868
Current service costs	896 000	930 076
Interest cost	988 000	1 049 634
Past-service costs provision raised	0	0
Benefits paid	-1 460 242	-1 967 896
Actuarial Losses / (gains ) recognised	3 060 313	-247 003
<b>Balance at the end of the year</b>	<b>14 989 750</b>	<b>11 505 679</b>

**Movements in the present value of the Defined Benefit Assets were as follows:**

Balance at the beginning of the year	0	0
Contributions from the employer	1 460 242	1 967 896
Benefits paid	-1 460 242	-1 967 896
<b>Balance at the end of the year</b>	<b>0</b>	<b>0</b>

The municipality expects to make a contribution of R1,852,895 to the defined benefit plan during the next financial year.

**8. CONSUMER DEPOSITS**

Electricity and Water	<b>22 138 506</b>	<b>19 562 942</b>
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Guarantees held in lieu of Electricity and Water Deposits

**Guarantees held in lieu of Electricity and Water Deposits were R 13,586,784 ( 2011 : R 10,195,284 )**

Consumer Deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding account.

No interest is paid on Consumer Deposits held.

The management of the municipality is of the opinion that the carrying value of Consumer Deposits approximate their fair values.

The fair value of Consumer Deposits was determined after considering the standard terms and conditions of agreements entered into between the municipality and its consumers.

#### 9. Payables from exchange transactions

Trade creditors	68 903 115	134 454 495
Staff Leave provision	17 695 745	16 515 472
Performance bonus provision	633 795	591 157
Payments received in advance	14 877 309	12 793 104
Other creditors	20 813 410	20 365 405
Vat on Provision for Impairment	22 363 379	15 156 160
<b>Total Creditors</b>	<b>145 286 752</b>	<b>199 875 793</b>

The average credit period on purchases is 30 days from the receipt of the statement, as determined by the MFMA. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has financial risk policies in place to ensure that all payables are paid within the credit timeframe.

The management of the municipality is of the opinion that the carrying value of Creditors approximate their fair values.

The fair value of Creditors was determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties.

The total liability in respect of leave amounts to R17,695 million as at 30 June 2012. The full amount is provided for.

#### 10. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

<i>Conditional Grants from other spheres of Government</i>	<b>25 270 205</b>	<b>26 363 592</b>
Equitable Share	4 908 626	6 512 490
MIG/SMIF/RBIG Grants	5 063 063	3 193 220
National Government : Budget Reform Programme ( FMG - Grant )	0	169 731
Provincial Government : Provincial Highways	0	0
Provincial Government : Housing	8 077 003	8 978 771
Provincial Government : Other projects	1 236 907	1 772 222
Other Institutions	5 984 606	5 737 157
<i>Other Conditional Receipts</i>	<b>2 128 756</b>	<b>1 853 986</b>
Developers Contributions - Water , Sewerage & Electricity	1 487 638	1 145 804
Developers Contributions - Electricity	510 304	583 963
Developers - Guarantees	130 814	124 218
<b>Total Conditional Grants and Receipts</b>	<b>27 398 962</b>	<b>28 217 577</b>

These amounts are separately invested in terms of section 12 of the MFMA. Refer note 26 for more detail of grants from National and Provincial Government

Refer to Appendix "F" for more detail on Conditional Grants.

#### 11. PROPERTY, PLANT AND EQUIPMENT

	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Carrying Value</b>
	<b>R</b>	<b>R</b>	<b>R</b>
<b>30 June 2012</b>			
Land and Buildings	1 076 567 865	16 852 285	1 059 715 580
Infrastructure	4 690 749 492	2 191 447 104	2 499 302 389
Community	177 117 360	28 075 806	149 041 553
Heritage	1 106 052	0	1 106 052
Other	301 201 024	146 884 431	154 316 593
Leased Assets	853 833	618 133	235 700
Housing Rental Schemes	248 722 472	18 495 725	230 226 747
<b>Total Property, Plant and Equipment</b>	<b>6 496 318 097</b>	<b>2 402 373 484</b>	<b>4 093 944 613</b>
	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Carrying Value Restated</b>
	<b>R</b>	<b>R</b>	<b>R</b>
<b>30 June 2011</b>			
Land and Buildings	1 072 547 010	15 628 396	1 056 918 614
Infrastructure	4 466 745 249	2 083 812 484	2 382 932 766
Community	154 676 021	21 829 734	132 846 287
Heritage	1 106 052	0	1 106 052
Other	289 525 023	136 719 079	152 805 944
Leased Assets	832 827	624 543	208 284
Housing Rental Schemes	249 503 268	14 242 973	235 260 295
<b>Total Property, Plant and Equipment</b>	<b>6 234 935 449</b>	<b>2 272 857 209</b>	<b>3 962 078 241</b>

A reconciliation of the carrying amount at the beginning and end of the period is set out in detail in Appendices B, C and E (2).

Total Property, Plant and Equipment held by the municipality at 30 June 2012 comprised the amounts analyzed as above

#### 11.1 Land and Buildings carried at Fair Value:

Land and Buildings were revalued to fair value at during the prior financial period. The effective date of revaluation was 30 June 2011 and the valuation was performed by registered and independent valuers.

#### 11.2 Assets pledged as security:

No assets have been pledged as security.

#### 11.3 Impairment of Property, Plant and Equipment:

The municipality tested its items of Property, Plant and Equipment for any potential impairment losses on assets. Furthermore, review of the useful lives of items of Property, Plant and Equipment has been performed.

No impairment losses were recognised on other assets as a result of impairment testing.

#### 11.4 Change in Estimate - Useful Life of Property, Plant and Equipment reviewed:

A change in the estimated useful life of various assets of the municipality has resulted in the following (increases)/decreases in depreciation:

Infrastructure Assets	16 426 348	8 001 636
Other Assets: Motor Vehicles	0	0
Other Assets: Buildings	8 340 018	1 067 570
Other Assets: Equipment, Furniture and fittings	3 313 514	9 881 683
<b>Total Change in Estimate for Useful Life of Property, Plant and Equipment</b>	<b>28 079 880</b>	<b>28 215 548</b>

The change in estimates will result in an increase of R 12,986,509 in the depreciation expense for the municipality over the next three financial years.

#### 11.5 Revaluation Surplus:

The Revaluation Reserve arises on the revaluation of Land and Buildings. Where revalued Land or Buildings are sold, the portion of the Revaluation Reserve that relates to that asset, and is effectively realised, is transferred directly to Accumulated Surplus.

The Revaluation Surplus is reconciled as follows:

Balance at beginning of year	1 154 597 294	701 910 486
Fair value l.r.o. Investment Property	0	0
Property not previously accounted for	0	344 731 568
Asset Transfers from PPE to Investment property	0	0
Depreciation offset to Accumulated surplus	-6 223 144	-17 094 832
Asset Disposals/Transfers/adjustments	-3 391 966	125 050 073
<b>Balance at end of year</b>	<b>1 144 982 184</b>	<b>1 154 597 294</b>

#### 12. INTANGIBLE ASSETS

	<b>Cost</b>	<b>Accumulated Amortisation</b>	<b>Carrying Value</b>
	<b>R</b>	<b>R</b>	<b>R</b>
<b>As at 30 June 2012</b>	<b>11 203 266</b>	<b>-4 766 453</b>	<b>6 436 813</b>
Website development costs	769 954	-587 765	182 189
Licences	2 831 658	-1 404 876	1 426 782
Computer Software and systems	7 601 654	-2 773 812	4 827 842
<b>As at 30 June 2011</b>	<b>8 492 872</b>	<b>(3 908 175)</b>	<b>4 584 697</b>
Website development costs	769 954	-442 013	327 941
Licences	2 793 453	-1 323 262	1 470 190
Computer Software and systems	4 929 466	-2 142 899	2 786 566

The movement in intangible assets are reconciled as follows:

	<b>2012</b>	<b>2011</b>
Carrying value at the beginning of the year	<b>4 584 697</b>	<b>4 931 623</b>
Cost	8 492 872	7 384 473
Accumulated amortisation	-3 908 175	-2 452 850
Additions resulting from acquisitions	2 710 393	1 108 399
Amortisation	-858 278	-1 455 325
Carrying value at the end of the year	<b>6 436 813</b>	<b>4 584 697</b>
Cost	11 203 266	8 492 872
Accumulated amortisation	-4 766 453	-3 908 175

The amortisation expense has been included in the line item "Depreciation and Amortisation" in the Statement of Financial Performance (see Note 30).

The amortisation method and useful life of Intangible assets is set out in the accounting policy note of Intangible assets.

All of the municipality's Intangible Assets are held under freehold interests and no Intangible Assets had been pledged as security for any liabilities of the municipality.

No restrictions apply to any of the Intangible Assets of the municipality.

#### 13. INVESTMENT PROPERTY

Vacant Land	0	0
Land and Buildings	40 450 000	40 450 000
	<b>40 450 000</b>	<b>40 450 000</b>

The fair model is applied to Investment property.

Criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of business is set out in the accounting policy note of Investment property.

**The movement in investment properties are reconciled as follows:**

Carrying value at the beginning of the year	40 450 000	42 354 000
Fair value	40 450 000	42 354 000
Plus : Additions resulting from transfers from Property Plant & Equipment	0	22 830 982
Additions resulting purchase of new building	0	0
Additions resulting revaluation of property to fair value	0	3 765 018
Minus: Transfers resulting from Investment property to PPE	0	-28 500 000
Carrying value at the end of the year	40 450 000	40 450 000
Fair value	40 450 000	40 450 000

**Method of Asset Valuation 2012**

The date of valuation was on 30 June 2012

Each property has been identified and inspected and revalued. Each of the three main methods (investment approach, direct comparison and cost) of valuing property has been adopted depending on the specific property.

A register containing the information required by section 63 of the Municipal management Finance Act is available for inspection at the registered offices of the municipality.

Revaluation of all Investment Property was performed by an accredited valuator Mr E Marais of Erik Marais and Associates (T/A Rhode Valuations Wellington) Reg No 1988/011175/23)

**14. INVESTMENTS**

**14.1. Held to maturity**

<b>Listed</b>		
Eskom stock at amortised cost	112 000	112 000
<b>Total listed investments</b>	<b>112 000</b>	<b>112 000</b>
<b>(Available for sale)</b>		

<b>Unlisted</b>		
<b>Bank Deposits</b>		
Other Short-term Deposits	102 165 057	156 074 889
<b>Total unlisted investments</b>	<b>102 165 057</b>	<b>156 074 889</b>

The fair value of the listed held to maturity investments is estimated at R160,821.81 (2011: R 155,476.74). Fair value is determined based on discounted cash flow analysis, at a discounted rate of 7.21%. (2011 : 8.75%)

<b>Total held to maturity</b>	102 277 057	156 186 889
Less: current portion maturing within next twelve months - refer note 21	-102 165 057	-156 074 889
<b>Total held to maturity (non-current)</b>	<b>112 000</b>	<b>112 000</b>

Listed Shares are investments with a maturity period of more than 12 months and earn fixed interest rates of 13.5% per annum.

The fair value of Investments was determined after considering the standard terms and conditions of agreements entered into between the municipality and financial institutions.

**15. LONG-TERM RECEIVABLES**

	Gross Balances R	Impairment Provision R	Net Balances R
As at 30 June 2012			
Loans to employees	0	0	0
Sporting bodies	31 553	0	31 553
Public organisations	239 806	-50 873	188 933
Housing selling scheme loans	5 029 111	-3 663 277	1 365 834
	<b>5 300 470</b>	<b>-3 714 150</b>	<b>1 586 320</b>

Less: Current Portion transferred to Current Receivables:-			303 485
Loans to employees			0
Sporting bodies			30 071
Public organisations			9 434
Housing selling scheme loans			263 979

<b>Total Long-term Receivables</b>			<b>1 282 836</b>
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	R	R	R
As at 30 June 2011			
Loans to employees	0	0	0
Sporting bodies	61 150	0	61 150
Public organisations	249 851	-11 981	237 870
Housing selling scheme loans	5 519 976	-1 581 737	3 938 239
	<b>5 830 977</b>	<b>-1 593 718</b>	<b>4 237 259</b>

Less: Current Portion transferred to Current Receivables:-			259 654
Sporting bodies			0
Public organisations			26 777
Housing selling scheme loans			8 479
			224 399

<b>Total Long-term Receivables</b>			<b>3 977 605</b>
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## Sporting bodies

To encourage sporting bodies to contribute to the capital expenditure of sporting facilities, loans were made to provide the necessary financial assistance. These loans attract interest at prime rate less 2.5% per annum and are repayable over a maximum period of 20 years.

## Public Organisations

Loans to public organisations are granted in terms of the national housing policy. The applicable interest rate and loan repayment periods are determined by the National Minister of Housing. At present these loans attract interest at 1%(buildings) and 11%(infrastructure) and are repayable over 30 years.

## Housing selling scheme loans

Housing loans are granted to qualifying individuals in terms of the national housing policy. These loans attract interest, as determined by the National Minister of Housing, currently 13,5% per annum and are repayable over 20 years.

### 15.1 Reconciliation of the Provision for Impairment

Balance at beginning of year	1 593 718	1 507 555
Impairment Losses recognised	0	0
Impairment Losses reversed	2 120 433	86 163
<b>Balance at end of year</b>	<b>3 714 151</b>	<b>1 593 718</b>

In determining the recoverability of a Long-term Receivable, the municipality considers any change in the credit quality of the receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Provision for Impairment.

## 16. ASSETS CLASSIFIED AS HELD- FOR- SALE

Other Assets held for sale	0	0
<b>Total Assets classified as Held-for-Sale</b>	<b>0</b>	<b>0</b>

## 17 INVENTORY

Consumable stores	5 413 220	4 892 209
Maintenance materials	38 850 313	32 139 613
Water	2 503 851	3 076 609
Spare parts for plant & Equipment	128 446	116 656
Plants held for resale	611 925	533 335
<b>Total Inventory</b>	<b>47 507 755</b>	<b>40 758 422</b>

The cost of Inventories recognised as an expense (see note 35) includes R223,074 in respect of write-downs of Inventory to Net Realisable Value.

No inventories were pledged as security for liabilities.

## 18. VAT

VAT Receivable	19 778 840	23 611 624
<b>Total Vat</b>	<b>19 778 840</b>	<b>23 611 624</b>

Nett VAT receivable. Only once payment is received from debtors is VAT paid over to SARS.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to the Vat Act. The municipality has financial risk policies in place to ensure that payments are affected before the due date.

## 19 CONSUMER DEBTORS FROM EXCHANGES TRANSACTIONS

### As at 30 June 2012

	Gross Balances	Provision for Impairment	Net Balance
Service debtors	203 784 727	-107 423 102	96 361 625
Trade: Electricity	75 172 021	-9 031 747	66 140 274
Water	56 500 531	-41 124 968	15 375 563
Waste Management (solid waste)	47 180 404	-38 121 437	9 058 967
Waste Water Management (sewerage and sanitation)	24 931 771	-19 144 950	5 786 821
Housing Rental Schemes	22 701 347	-20 436 836	2 264 511
Housing Selling Schemes	2 381 435	-1 911 823	469 612
<b>Total</b>	<b>228 867 509</b>	<b>-129 771 761</b>	<b>99 095 748</b>

### As at 30 June 2011

	Gross Balances	Provision for Impairment	Net Balance
Service debtors	187 190 446	-94 462 713	92 727 733
Trade: Electricity	75 117 300	-13 868 934	61 248 366
Water	53 581 873	-38 434 201	15 147 672
Waste Management (solid waste)	37 494 498	-27 150 216	10 344 282
Waste Water Management (sewerage and sanitation)	20 996 775	-15 009 362	5 987 413
Housing Rental Schemes	17 870 408	-13 741 363	4 129 045
Housing Selling Schemes	2 747 126	-2 345 158	401 968
<b>Total</b>	<b>207 807 980</b>	<b>-110 549 234</b>	<b>97 258 746</b>

The average credit period for Consumer Debtors is 30 days. No interest is charged on trade receivables for the first 30 days from the date of the invoice. Thereafter penalties of 10% and interest is charged at the prime rate per annum on the outstanding balance. The municipality strictly enforces its approved credit control policy to ensure the recovery of Consumer Debtors.

The average age of these receivables is 46.2 days (2011: 48.7 days).

The management of the municipality is of the opinion that the carrying value of Consumer Debtors approximate their fair values.

The fair value of Consumer Debtors was determined after considering the standard terms and conditions of agreements entered into between the municipality and Consumer Debtors as well as the current payment ratio's of the municipality's Consumer Debtors.

Analysis of Consumer Debtors Age in Days					
As at 30 June 2012	Total	Current	31 - 60	61 - 90	91 - 120+
	R	R	R	R	R
Electricity	75 172 021	61 280 364	2 637 084	1 345 666	9 908 907
Water	56 500 531	7 657 121	2 342 220	2 030 585	44 470 605
Waste Management (solid waste)	47 180 404	4 798 317	2 200 162	1 950 272	38 231 652
Waste Water Management (sewerage and sanitation)	24 931 771	3 167 912	1 071 582	1 000 177	19 692 101
Housing Rental Schemes	22 701 347	1 175 519	986 664	990 994	19 548 170
Housing Selling Schemes	2 381 435	72 153	44 480	41 851	2 222 951
<b>Total</b>	<b>228 867 509</b>	<b>78 151 386</b>	<b>9 282 193</b>	<b>7 359 544</b>	<b>134 074 385</b>

Analysis of Consumer Debtors Age in Days					
As at 30 June 2011	Total	Current	31 - 60	61 - 90	91 - 120+
	R	R	R	R	R
Electricity	75 117 300	64 998 607	1 587 690	723 498	7 807 505
Water	53 581 874	12 419 574	1 952 407	1 962 524	37 247 370
Waste Management (solid waste)	37 494 498	4 511 721	1 993 613	1 719 487	29 269 677
Waste Water Management (sewerage and sanitation)	20 996 775	2 956 162	1 003 824	829 670	16 207 119
Housing Rental Schemes	17 870 408	1 187 217	967 818	945 567	14 769 805
Housing Selling Schemes	2 750 126	61 562	41 785	38 399	2 608 381
<b>Total</b>	<b>207 810 980</b>	<b>86 134 843</b>	<b>7 547 137</b>	<b>6 219 144</b>	<b>107 909 857</b>

	2012	2011
	R	R
<b>Reconciliation of Impairment provision</b>		
Balance at beginning of the year	127 336 972	144 939 674
Contributions to provisions	18 326 739	-17 602 702
Transfers to/(from) provisions	0	0
<b>Balance at 30 June 2012</b>	<b>145 663 711</b>	<b>127 336 972</b>

In determining the recoverability of a Consumer Debtor, the municipality considers any change in the credit quality of the Consumer Debtor from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Allowance for Doubtful Debts.

Included in the Allowance for Doubtful Debts are individually impaired Consumer Debtors with a balance of R3,211,165 (2011: R1,781,892) which have been placed under liquidation. The impairment recognised represents the difference between the carrying amount of these Consumer Debtors and the present value of the expected liquidation proceeds. The municipality holds no collateral over these balances.

#### 19.1 CONSUMER DEBTORS FROM NON-EXCHANGE TRANSACTIONS

As at 30 June 2012	Gross Balances	Provision for Impairment	Net Balance
Service debtors	34 400 565	-15 891 950	18 508 615
Rates	34 400 565	-15 891 950	18 508 615
<b>Total</b>	<b>34 400 565</b>	<b>-15 891 950</b>	<b>18 508 615</b>

As at 30 June 2011	Gross Balances	Provision for Impairment	Net Balance
Service debtors	30 363 179	-16 787 739	13 575 441
Rates	30 363 179	-16 787 739	13 575 441
<b>Total</b>	<b>30 363 179</b>	<b>-16 787 739</b>	<b>13 575 441</b>

Analysis of Consumer Debtors Age in Days					
As at 30 June 2012	Total	Current	31 - 60	61 - 90	91 - 120+
	R	R	R	R	R
Rates	34 400 565	10 381 958	2 231 257	1 284 831	20 502 518
<b>Total</b>	<b>34 400 565</b>	<b>10 381 958</b>	<b>2 231 257</b>	<b>1 284 831</b>	<b>20 502 518</b>

Analysis of Consumer Debtors Age in Days					
As at 30 June 2011	Total	Current	31 - 60	61 - 90	91 - 120+
	R	R	R	R	R
Rates	30 363 179	9 473 893	1 722 796	1 137 003	18 029 487
<b>Total</b>	<b>30 363 179</b>	<b>9 473 893</b>	<b>1 722 796</b>	<b>1 137 003</b>	<b>18 029 487</b>

#### 20 OTHER DEBTORS FROM EXCHANGE TRANSACTIONS

Sundries	9 063 851	7 231 552
Sporting bodies	18 856	81 305
Recoverable Loans	125 858	120 483
Less : Provision for Impairment	-6 121 890	-5 228 283
<b>Total Other Debtors from exchange transactions</b>	<b>3 086 675</b>	<b>2 205 058</b>

**20.1 OTHER DEBTORS FROM NON-EXCHANGE TRANSACTIONS**

Grants & Subsidies	10 099 428	3 385 430
Payments in advance	5 483 262	6 078 799
Fruitless and wasteful expenditure	123 463	126 665
<b>Total Other Debtors from non-exchange transactions</b>	<b>15 706 153</b>	<b>9 590 895</b>

The average credit period for Government Grants and Subsidies is dependent on the Government Department involved and the nature of the claim. No interest is charged on outstanding Government Grants and Subsidies. The subsidies is payable to the municipality due to allocations made in the DORA or based on agreements between the municipality and the relevant departments.

The claims instituted against the municipality's insurance company are supported by valid insurance claims which are claimable in terms of the insurance contract entered into by the municipality. The average waiting period depends on the nature of the claim. No interest is charged on outstanding insurance claims.

The average credit period for Other Debtors is 30 days. No interest is charged for the first 30 days from the date of the invoice. Thereafter interest is charged at the prime rate per annum on the outstanding balance. The municipality strictly enforces its approved credit control policy to ensure the recovery of Other Debtors.

The management of the municipality is of the opinion that the carrying value of Other Debtors approximate their fair values.

The fair value of Other Debtors was determined after considering the standard terms and conditions of agreements entered into between the municipality and National / Provincial Departments as well as Other Debtors. The current payment ratio's of Other Debtors were also taken into account for fair value determination.

**Reconciliation of Impairment provision**

Balance at beginning of the year	5 228 283	7 314 101
Transfers to/(from) provisions	893 607	-2 085 818
<b>Balance at 30 June 2012</b>	<b>6 121 890</b>	<b>5 228 283</b>

The impairment provision was calculated after individually assessing other debtors and by calculating the historical payment ratios and assuming that future payment ratios would be similar to the historical payment ratios.

The provision for doubtful debts on other debtors exist predominantly due to the possibility that these debts will not be recovered were assessed individually for impairment.

In determining the recoverability of a Debtor, the municipality considers any change in the credit quality of the Debtor from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Allowance for Doubtful Debts.

**21 CASH AND CASH EQUIVALENTS (BANK AND CASH)**

The Municipality has the following bank accounts: -

Primary Account	14-9812-1861	84 169 243	16 403 674
Secondary Account	14-9812-1853	0	0
Traffic Fines Bank account	620-715-265-14	18 839	3 781
		<b>84 188 082</b>	<b>16 407 455</b>

All accounts are with Nedbank except the traffic fines account which is with First National Bank. All account balances are cleared on a daily basis to the main account. The municipality have an overdraft facility of R5 million with Nedbank but did not utilise it for this financial year.

Bank statement balance at beginning of year	16 407 455	35 129 265
Bank statement balance at end of year	84 188 082	16 407 455
Cash book balance at beginning of year	10 146 425	27 287 301

**Petty Cash / Float**

14 700 13 900

Cash at bank	84 188 082	16 407 455
Cashbook overdrawn	-74 410 683	-6 261 030
<b>Cash book balance at end of year</b>	<b>9 777 399</b>	<b>10 146 425</b>

Short term Investment deposits.

102 165 057 156 074 889

**TOTAL CASH AND CASH EQUIVALENTS**

111 957 156 166 235 214

For the purposes of the Cash Flow Statement, Bank, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments less than 12 months.

The management of the municipality is of the opinion that the carrying value of Bank Balances, Cash and Cash Equivalents recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Bank Balances, Cash and Cash Equivalents was determined after considering the standard terms and conditions of agreements entered into between the municipality and financial institutions.

**22 PROPERTY RATES**

<b>Actual</b>		
Residential	115 276 864	108 366 109
Agricultural	43 365 858	32 127 458
Commercial	34 075 675	40 672 925
State	17 201 110	15 820 224
Less : Income forgone	-44 187 662	-40 754 374
<b>Total Property Rates</b>	<b>165 731 846</b>	<b>156 232 341</b>

**Valuations as at July 2009**

Residential	21 351 238 159	20 936 439 935
Agricultural	4 877 196 599	6 314 444 101
Commercial	6 316 792 300	4 755 693 699
State	1 271 353 257	1 256 341 957
<b>Total Property Valuations</b>	<b>33 816 580 315</b>	<b>33 262 919 692</b>

General Valuations on land and buildings are performed every four years. The last general valuation came into effect on **1 July 2009**. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

A uniform rate for the same class and type of property was applied with the implementation of the property rates act. A rate on different categories was applied to property valuations to determine assessment rates. Rebates of 50% are applied to pensioners. A discount of 20% was granted to the state institutions.

Rates are levied monthly on property owners and are payable the 7th of each month for monthly rate payers of Paarl and the 15th for Wellington and other areas and 30th September for annual payers. Interest is levied at the prime rate on outstanding rates amounts.

## 23 SERVICE CHARGES

Sale of Electricity	593 244 423	524 270 098
Sale of Water	101 027 930	95 116 001
Waste Management (solid waste)	66 639 502	61 760 547
Waste Water Management (sewerage and sanitation)	48 179 976	44 221 345
Other	24	21 248
	<b>809 091 854</b>	<b>725 389 239</b>
Less: Income forgone	-56 042 976	-58 421 650
<b>Total Service Charges</b>	<b>753 048 878</b>	<b>666 967 589</b>

The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.

## 24. RENTAL OF FACILITIES AND EQUIPMENT

Operating Lease Rental Revenue:		
- Investment Property	97 848	198 131
- Other Rental Revenue	18 676 138	17 000 356
<b>Total Rentals</b>	<b>18 773 986</b>	<b>17 198 487</b>

## 25. INTEREST AND DIVIDENDS EARNED

Interest - external investments	5 337 895	9 163 180
Dividends - stock	15 120	15 120
Interest - outstanding debtors	9 048 664	6 380 589
<b>Total Interest Receivable</b>	<b>14 401 679</b>	<b>15 558 888</b>

## 26. GOVERNMENT GRANTS AND SUBSIDIES

Grants from Operational	112 176 172	93 066 270
Grants from Capital	66 430 669	40 383 790
	<b>178 606 841</b>	<b>133 450 060</b>
Equitable Share	64 079 864	67 589 453
Provincial Government : Health	0	0
Other	4 902 807	12 296 435
Operational grants	68 982 671	79 885 888
Conditional grants	109 624 170	53 564 172
MIG/SMIF/RBIG Grants	58 502 052	29 107 956
National Government : Budget Reform Programme	0	1 894 056
Provincial Government : Highway claims	59 209	0
Provincial Government : Housing	44 505 146	20 134 971
Provincial Government : Other projects	6 557 762	2 427 190
	<b>178 606 841</b>	<b>133 450 060</b>

### Total Government Grant and Subsidies

### 26.1 Equitable Share

Balance unspent at beginning of year	-6 512 490	-14 394 943
Current year receipts	-62 476 000	-59 707 000
Conditions met - transferred to revenue	64 079 864	67 589 453
Conditions still to be met - transferred to liabilities (refer note 10)	<b>-4 908 626</b>	<b>-6 512 490</b>

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy equal to the basic charges for Electricity, Refuse Removal, Sewerage and Water Services, which subsidy is adjusted as tariffs increase. All residential households receive 10 kl water free every month. Indigent households receive 100 kWh and unemployed 150kWh electricity free every month.

### 26.2 MIG/SMIF Grants

Balance unspent at beginning of year	-3 193 220	-563 233
Current year receipts	-60 371 895	-32 300 420
Conditions met - transferred to revenue	58 502 052	29 107 956
Amount due in respect of MIG debtor	0	562 477
Conditions still to be met - transferred to liabilities (refer note 10)	<b>-5 063 062</b>	<b>-3 193 220</b>

This grant was used to construct infrastructure assets for the Municipality. Other than the unspent amount, the conditions of the grant have been met. No funds have been withheld.



**26.3 National Government : Budget Reform Programme**

Balance unspent at beginning of year	-169 731	-1 028 739
Current year receipts	-1 250 000	-1 035 048
Conditions met - transferred to revenue	0	1 894 056
Transferred to Eutable Share	1 419 731	0
Conditions still to be met - transferred to liabilities (refer note 10)	<u>0</u>	<u>-169 731</u>

This grant received from National Government are for operational and capital expenditure projects related to budget reform and implementation of the MFMA . Other than the unspent amount, the conditions of the grant have been met. Funds withheld.

**26.4 Provincial Health Subsidies**

Balance unspent at beginning of year	0	0
Current year receipts - included in health vote	0	0
Conditions met - transferred to revenue	0	0
Conditions still to be met - transferred to liabilities (refer note 10)	<u>0</u>	<u>0</u>

The Municipality renders health services on behalf of the Provincial Government and is refunded approximately 56% until 31 March 2005, and 100% as from 01 April 2005 of total expenditure incurred. This grant has been used exclusively to fund clinic services and Sonstraal Hospital. The conditions of the grant have been met. There was no delay or withholding of the subsidy.

**26.5 Provincial Government : Highway claims**

Balance unspent at beginning of year	0	0
Current year receipts	-59 209	0
Conditions met - transferred to revenue	59 209	0
Conditions still to be met - transferred to liabilities (refer note 10)	<u>0</u>	<u>0</u>

The Municipality received various grants from PAWC for operational projects. Other than the unspent amount, the conditions of the grant have been met. No funds have been withheld.

**26.6 Provincial Government : Housing**

Balance unspent at beginning of year	-8 978 771	-3 254 424
Current year receipts	-43 603 377	-25 859 319
Conditions met - transferred to revenue	44 505 146	20 134 971
Conditions still to be met - transferred to liabilities (refer note 10)	<u>-8 077 002</u>	<u>-8 978 771</u>

These grants received from Provincial Government are for the construction of houses . Other than the unspent amount, the conditions of the grant have been met. No funds have been withheld.

**26.7 Provincial Government : Other projects**

Balance unspent at beginning of year	-1 772 222	-1 807 882
Current year receipts	-6 379 717	-2 391 529
Conditions met - transferred to revenue	6 557 762	2 427 190
Transferred to Eutable Share	357 269	0
Conditions still to be met - transferred to liabilities (refer note 10)	<u>-1 236 908</u>	<u>-1 772 222</u>

These grants received from Provincial Government are for operational and capital expenditure such as , restructuring and other. Other than the unspent amount, the conditions of the grant have been met. Funds withheld.

**26.8 Other institutions**

Balance unspent at beginning of year	-7 591 143	-13 520 350
Current year receipts	-5 704 747	-7 455 961
Conditions met - transferred to revenue	4 902 807	12 296 435
Reimbursement of guarantees and levy's	279 720	1 088 733
Conditions still to be met - transferred to liabilities (refer note 10)	<u>-8 113 363</u>	<u>-7 591 143</u>

These grants received from other institutions are for operational and capital expenditure projects. Other than the unspent amount, the conditions of the grant have been met. No funds have been withheld.

**27 OTHER INCOME**

CAMPING COUPONS	427 507	476 174
CAMPING FEES	454 977	440 278
ELECTRICITY : NEW CONNECTION FEES	2 341 066	2 801 312
ENTRANCE FEES	887 221	983 455
GARDEN REFUSE REMOVAL	25 927	1 019 473
LEGAL COSTS RECOVERED	427 871	252 783
SUNDRY INCOME	2 907 872	3 080 635
WATER : BASIC CHARGE	2 127 798	1 876 726
WATER : NEW CONNECTION FEES	370 506	451 150
OTHER	7 291 489	7 226 785
	<u>17 262 233</u>	<u>18 608 771</u>

The amounts disclosed above for Other Income are in respect of services, other than described in Notes 23 to 24, rendered which are billed to or paid for by the users as the services are required according to approved tariffs.

## 28. EMPLOYEE RELATED COSTS

Salaries and Wages	229 939 169	208 414 159
Social contributions - UIF, pensions and medical aid etc.	47 222 325	51 930 863
Travel, motor car, accommodation, subsistence and other allowances	12 510 909	11 461 726
Housing benefits and allowances	2 122 709	2 011 109
Overtime payments	13 901 978	15 343 302
Performance bonus	492 434	555 595
Long-service awards	1 894 451	1 755 001
Defined Benefit Plan Expense:	<b>12 499 153</b>	<b>13 613 888</b>
Current Service Cost	2 743 617	4 060 005
Loss on actuarial valuations	170 000	459 010
(Gains) on actuarial valuations	0	-247 003
Over / (Under) provisions on contributions	-936 249	77 888
Interest Cost	10 521 785	9 263 988
	320 583 128	305 085 643
Expenditure Recharged	-1 505 775	-1 879 981
Recharged to repairs and maintenance		0
Recharged to capital projects	-1 505 775	-1 879 981
Total Employee Related Costs	<b>319 077 353</b>	<b>303 205 662</b>

No advances were made to employees.

### Remuneration of Executives

	Total R	Annual Salary R	Performance Bonus R	Housing Allowance R	Acting Allowance R	Setting Allowance R
<b>2012</b>						
Kabanyane ST (Municipal Manager)	1 243 024	632 642	95 574	0	0	0
Mettler J (Municipal Manager)	300 000	284 626	0	0	0	0
Petersen CM (Executive Director Finance)	989 898	587 933	78 904	0	0	0
Carstens J (Executive Director Finance)	230 000	114 228	0	16 000	0	56 000
Matthee T (Executive Director Social Services)	1 083 720	799 184	78 903	0	0	0
Mrali KH (Executive Director Corporate Services)	1 132 885	685 089	80 073	5 317	0	0
Naidoo P (Executive Director Strategic Services)	1 099 809	850 486	80 075	0	0	0
Coetzee LP (Executive Director Infrastructure)	1 083 721	852 123	78 904	0	0	0
	<b>7 163 057</b>	<b>4 806 311</b>	<b>492 433</b>	<b>21 317</b>	<b>0</b>	<b>56 000</b>

### Remuneration of Executives

	Total R	Annual Salary R	Performance Bonus R	Acting Allowance R	Car Allowance R	Social Contribution R
<b>2011</b>						
Kabanyane ST (Municipal Manager)	1 253 454	819 157	106 110	0	120 000	208 188
Petersen CM (Executive Director Finance)	1 042 237	756 802	87 602	7 409	132 000	58 424
Matthee T (Executive Director Social Services)	1 056 528	764 144	87 602	21 700	146 700	36 382
Mrali KH (Executive Director Corporate Services)	1 032 384	793 221	71 126	0	132 978	35 058
Naidoo P (Executive Director Strategic Services)	1 032 410	813 491	71 122	0	133 008	14 789
Coetzee LP (Executive Director Infrastructure)	1 121 210	813 729	87 602	0	132 000	87 880
	<b>6 538 224</b>	<b>4 760 544</b>	<b>511 164</b>	<b>29 108</b>	<b>796 686</b>	<b>440 721</b>

### Remuneration of Councilors

Executive Mayor	654 183	607 709
Deputy Executive Mayor	527 114	489 254
Speaker	527 114	488 582
Whip	495 347	460 095
Councilors	9 541 674	9 213 537
Executive Mayor committee members	4 908 241	4 158 034
<b>Total Councilors Remuneration</b>	<b>16 653 674</b>	<b>15 417 212</b>

### In-kind Benefits

The Executive Mayor, Deputy Executive Mayor, Speaker, and Mayoral Committee members are employed full-time. Each is provided with an office, administrative and secretarial support at the cost of the Council.

The Executive Mayor and Deputy Mayor and other full-time Mayoral Committee members have access to Council owned vehicles for ceremonial and official functions.

Executive Committee Councilors are provided with work stations which are appropriately equipped.

### Certification by the Municipal Manager:

I certify that the remuneration of Councilors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Signed: Municipal Manager

## 29 BAD DEBTS

### Bad Debts

Contribution to Impairment Provision	17 552 946	26 299 415
Contribution from Impairment provision	-3 419 386	-59 952 050
Contribution to housing development fund	301 974	134 137
Bad debts written-off	3 419 386	60 059 161
	<b>17 854 919</b>	<b>26 540 663</b>

## 30 DEPRECIATION AND AMORTISATION

Depreciation: Property, Plant and Equipment	132 032 687	128 864 414
Amortisation: Intangible Assets	858 278	1 455 325
<b>Total Depreciation and Amortisation</b>	<b>132 890 965</b>	<b>130 319 739</b>

## 31. IMPAIRMENT LOSSES

### 31.1 Impairment Losses on Fixed Assets

#### Impairment Losses Recognised:

Property, Plant and Equipment	0	0
Investment Property	0	0

#### Total Impairment Losses

0	0
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## 32 INTEREST PAID

Long-term liabilities	36 853 855	28 071 818
Finance leases	0	41 480
<b>Total Interest on External Borrowings</b>	<b>36 853 855</b>	<b>28 113 298</b>

The weighted average capitalisation rate on funds borrowed generally is 11.19% per annum (2010 12.67% per annum).

## 33. BULK PURCHASES

Electricity	407 562 586	317 410 262
Water	22 089 050	16 311 236
<b>Total Bulk Purchases</b>	<b>429 651 636</b>	<b>333 721 498</b>

Bulk Purchases are the cost of commodities not generated by the municipality, which the municipality distributes in the municipal area for resale to the

## 34. GRANTS AND SUBSIDIES PAID

Donation: Animal protection - SPCA	111 436	103 662
Donation: Awards granted during the year	109 410	101 772
Donation: Paarl Museum	40 379	37 562
Donation: R.D.P (Drakenstein)	260 165	242 014
Donation: Safmarine Centre	94 393	87 808
Donation: Wellington Museum Association	48 944	45 530
	<b>664 727</b>	<b>618 348</b>

#### Animal Protection - SPCA

Donations were made to the SPCA for animals that were brought to the shelter by the municipality

#### Awards granted during the year

The Mayor gives out donations to certain institutions on fundraising occasions depending on the needs of the institution.

#### Paarl Museum

Donations were made to the Paarl Museum for the preservation and exhibition of historic items.

#### RDP - Drakenstein

Donations were made to the RDP Drakenstein for community development and social upliftment related projects.

#### Safmarine Centre

Donations were made to the Safmarine Centre to support the current systems for the upliftment of the community by skills development and other training.

#### Wellington Museum association

Donations were made to the Wellington Museum for the preservation and exhibition of historic items.

## 35. GENERAL EXPENSES

ABLUTION FACILITIES FOR FARMWORKERS	268 000	254 000
AUDIT COMMITTEE	373 220	468 611
AUDIT FEES	4 012 301	3 400 972
B1(4a) - HOUSEHOLD REFUSE RECYCLING	199 927	713 710
B4(1) - TOURISM DEVELOPMENT	301 549	104 297
B4(2) - DEVELOP TOURIST DESTINATIONS	39 081	487 282
B5(1) - MARKET DRAKENSTEIN	113 216	421 358
B5(2) - QUARTERLY SMME EXHIBITIONS	2 462	253 380
BANK CHARGES	3 158 632	2 377 630
BURSARIES EXTERNAL- MAYOR	214 273	192 152
C2(1) - NEIGHBOURHOOD BEAUTIFICATION & GARDENS	0	737 396
CLEAN & GREEN	0	500 000
CLEANING TOILET ETC.	1 156 679	1 030 897
CONDITIONAL GRANT EXPENDITURE	47 484 405	25 451 312
CONSULTANCY FEES	440 271	418 998
CONTRIBUTION TO LEAVE RESERVE	3 639 729	1 280 184
CUSTOMER SATISFACTION SURVEY	0	211 949
DEMOLITION OF STRUCTURES	105 750	94 320
ENTERTAINMENT EXPENSES	160 535	540 680
FOOD PARCELS	0	268 733

HIRE : EQUIPMENT	1 202 360	1 077 406
HIRE : VEHICLES AND EQUIPMENT	8 711 261	9 460 793
HOUSING SCHEMES : INT & REDEMPTION	1 524 581	1 348 746
HOUSING SCHEMES : REFUSE	3 281 394	2 962 364
HOUSING SCHEMES : WATER	4 138 958	3 755 546
INSURANCE : VEHICLES SMALL PLANT	0	553 104
MARKETING OF DRAKENSTEIN	204 288	587 408
MEMBERSHIP FEES	648 290	1 642 515
NATION BUILDING	168 000	289 739
PETROL AND DIESEL	11 245 046	8 962 046
PLANTS SEEDS AND BULBS	22 537	96 235
PRE-PAID VENDING SYSTEM	1 641 598	2 195 815
PRINTING AND STATIONERY	2 954 204	3 223 970
PROFFESIONAL & LICENCE FEES - VENUS	0	1 165 485
PROVISION LAND FILL SITES	1 939 025	1 762 750
PUBLIC PARTICIPATION	360 890	629 005
REFUSE BAGS	479 702	612 748
REFUSE BINS	294 830	323 685
RESEARCH PROJECTS	1 509	26 812
RURAL DEVELOPMENT STRATEGY	67 215	176 013
SPECIAL CONNECTIONS	2 173 866	2 182 486
STANDARD CONNECTIONS	952 440	1 381 853
TELEPHONE COMMUNICATION	7 163 746	6 950 225
TRAINING	1 046 591	2 137 299
TRAINING LEVY	2 590 516	2 423 633
TYRES	1 860 237	1 725 157
UNIFORMS AND CLOTHING	1 641 974	2 041 531
VALUATION EXPENSES	1 198 827	374 933
WSDP/WSDP AUDIT REPORTSS ETC.	162 000	750 000
X-RAYS	158 777	239 401
CLEANSING PROJECT	0	2 773 938
OTHER EXPENDITURE	46 756 023	40 792 999
	<b>166 260 714</b>	<b>143 833 500</b>

The cost of Inventories recognised as an expense includes R223,074 (2011: R 18,849.) in respect of write downs of Inventory to Net Realisable Value.

### 36 CASH GENERATED BY OPERATIONS

Surplus/(Deficit) for the year	-29 053 402	-38 576 128
Adjustment for :-	166 744 398	164 116 684
- Depreciation and amortisation	132 890 965	130 319 739
- Housing Development Fund	1 147 874	1 676 877
- Self Insurance Reserve	242 233	187 362
- (Gain)/Losses on disposal of property, plant and equipment	947 366	12 982 588
- Investment income	-5 337 895	-9 163 180
- Interest paid	36 853 855	28 113 298
<b>Operating surplus before working capital changes:</b>	<b>137 690 996</b>	<b>125 540 556</b>
(Increase)/Decrease in inventories	-6 749 333	-9 475 163
(Increase)/Decrease in debtors	-2 718 619	12 259 714
Decrease (Increase) in other debtors	-11 048 432	-17 124 711
Decrease (Increase) in Post retirement benefits	8 333 905	7 257 825
(Decrease)/Increase in unspent conditional grants and receipts	-818 617	-6 351 994
Increase (Decrease) in creditors	-54 589 041	26 828 549
Decrease/(Increase) in VAT(net)	3 832 785	7 089 807
<b>Cash generated by operations</b>	<b>73 933 643</b>	<b>146 024 583</b>

### 37 DISCONTINUED OPERATIONS

#### 37.1 Health Services discontinued

##### Statement of Financial Performance at date of discontinuation

Revenue	0	0
Less: Expenditure	0	0
	0	0
Inter-departmental charges	0	0
<b>Deficit for the Year</b>	<b>0</b>	<b>0</b>

##### Statement of Financial Position at date of discontinuation

#### NET ASSETS AND LIABILITIES

Net Assets	0	0
Accumulated deficit	0	0
Deficit for the year	0	0
Current Liabilities	0	0
Creditors	0	0
Advances DM	0	0
<b>Total Net Assets and Liabilities</b>	<b>0</b>	<b>0</b>

**ASSETS**

Non-current Assets

Property, Plant and Equipment

Less: Accumulated depreciation

2 009 739

2 009 739

4 571 151

4 571 151

-2 561 412

-2 561 412

Current Assets

Debtors

Less: Provision for impairment

0

0

0

0

0

0

**Total Assets****2 009 739****2 009 739****Cash flow Statement at date of discontinuation****Cash flow from operating activities**

Cash receipts

0

0

Cash paid

0

0

**Cash utilised in operations****0****0****Cash flow from Financing Activities**

Increase in advance DM

0

0

**Net decrease in cash and cash equivalents****0****0****38 RELATED PARTY TRANSACTIONS**

Transactions with Key Management Personnel and Councilors

Compensation made to Key Management Personnel and Councilors is disclosed in note 28 above.

Consumer services rendered to Key Management Personnel amount to R 140,459

Outstanding balances on Key Management Personnel's consumer accounts at 30 June 2012 ( Current Accounts) amount to R 9,402 (2011: R 10,689)

Consumer services rendered to Councilors amount to R 666,996

Outstanding balances on Councilors' consumer accounts at 30 June 2012 amount to R 51,354

The consumer services are in accordance with approved tariffs that was advertised to the public. No bad debt expenses had been recognised in respect of amounts owed by related parties.

The amounts outstanding are unsecured and will be settled in cash. Consumer Deposits were received from Key Management Personnel and Councilors. No expense has been recognized in the period for bad or doubtful debts in respect of the amounts owed by related parties.

Not all persons in the service of the state is seen as related parties as defined in IAS 24, as they do not necessarily control or have an interest that gives them significant influence over the municipality. For disclosure purposes however, awards to close family members of persons in the service of the State are provided below:

**Awards to close family members of persons in the service of the State****Supplier Name****Staff Number****Employee Name****Relationship****Department****2012****2011**

D UREN VIBRACRETE

59246 Z Ajam

Child

Finance

803 931

907 161

INTER MEDIA PRINTERS

52665 A Brink

Spouse

Finance

98 466

477 369

SIPHAKAME SKILLS DEVELOPMENT CC

52114 N Vacu

Spouse

Strategic Service

0

180 000

**902 397****1 564 530****39 RESTATEMENT OF PRIOR YEAR FIGURES AND ERRORS**

The following restatements and errors occurred which are set out below

**1) Adjustment to Revaluation Reserve due to new valuation on assets****Statement of Financial Position**

Revaluation Reserve

729 083 976

0

729 083 976

Revaluation Reserve Additions

0

163 219 753

163 219 753

Revaluation Reserve Additions (Land and Buildings)

0

346 797 420

346 797 420

Revaluation Reserve Disposals

0

-65 343 170

(65 343 170)

Accumulated Depreciation

-5 344 539

-13 816 146

(19 160 685)

**723 739 437****430 857 857****1 154 597 294****Statement of Financial Performance**

Depreciation and Amortisation

128 253 886

2 065 853

130 319 739

**128 253 886****2 065 853****130 319 739****2) Adjustments due to revaluations****Statement of Financial Performance**

Loss on revaluation of assets

0

12 845 934

12 845 934

**0****12 845 934****12 845 934****Statement of Financial Position**

Accumulated Surplus / (Deficit)

0

12 845 934

12 845 934

Property, plant and equipment

0

12 845 934

12 845 934

	Previously reported 2011 R	Amount of change R	Restated 2011 R
<b>3) Adjustment to Retirement Benefit Obligations</b>			
<b>Statement of Financial Position</b>			
Post Employment benefit liability	107 777 966	-787 177	106 990 789
	<b>107 777 966</b>	<b>-787 177</b>	<b>106 990 789</b>
<b>Statement of Financial Performance</b>			
Employee Cost	303 992 839	-787 177	303 205 662
	<b>303 992 839</b>	<b>-787 177</b>	<b>303 205 662</b>

	Previously reported 2011 R	Amount of change R	Restated 2011 R
<b>4) Adjustment to Accounts payable from exchange transactions and Vat</b>			
<b>Statement of Financial Position</b>			
Payables from exchanges transactions	215 031 952	-15 156 160	199 875 792
Vat	38 767 784	-15 156 160	23 611 624
	<b>215 031 952</b>	<b>-15 156 160</b>	<b>199 875 792</b>

	Previously reported 2011 R	Amount of change R	Restated 2011 R
<b>5) Adjustment to Non - Current Assets Held for sale</b>			
<b>Statement of Financial Position</b>			
<b>NON CURRENT ASSETS CLASSIFIED AS HELD- FOR- SALE</b>			
Non-current Assets	1 447 894	561 845	2 009 739
Property, Plant and Equipment	4 000 273	570 878	4 571 151
Less: Accumulated depreciation	-2 552 379	-9 033	-2 561 412
<b>Total Assets classified as Non Current Assets Held-for-Sale</b>			

#### 40 FINANCING FACILITIES

Unsecured Bank overdraft .		
- Amount used	0	0
- Amount unused	5 000 000	5 000 000
	<b>5 000 000</b>	<b>5 000 000</b>

#### 41 OPERATING LEASE COMMITMENTS

##### The Municipality as Lessee

Future minimum lease payments under non-cancellable operating leases:

<b>Buildings</b>	<b>0</b>	<b>773 725</b>
Payable within one year	0	773 725
Payable within two to five years	0	0
<b>Equipment</b>	<b>1 178 113</b>	<b>1 959 300</b>
Payable within one year	885 062	1 113 194
Payable within two to five years	293 051	846 106
	<b>1 178 113</b>	<b>2 733 025</b>

In terms of the additional guidance from Grap 13 (leases), escalations in operating leases are no longer recognised in the periods they actually incurred, but are now charged in the statement of financial performance on a straight-line basis over the term of the lease.  
Leased premises are contracted for a period of 3 years.

The Municipality has significant current lease arrangements for photocopy and fax machines over a period of 3 - 5 years without being subject to escalation.

##### The Municipality as Lessor

At Statement of Financial Performance date the Municipality has contracted with tenants for the following future minimum lease payments.

Payable within one year	625 594	198 131
Payable within two to five years	915 933	319 092
	<b>1 541 527</b>	<b>517 223</b>

The Municipality lets its investment properties under operating leases. Property rental income earned during the year was R 97,848 The properties are maintained by the tenants at their cost. No investment properties have been disposed of since the statement of financial performance date. Properties are leased for periods ranging from 3 to 25 years. Escalations on lease installments are applied on recommendation of an independent valuator and does not exceed 10% pa.

No restrictions have been imposed on the municipality in terms of the operating lease agreements.

Long-term liabilities have been utilised in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long - term liabilities can be repaid on redemption date.

## 42 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFULL EXPENDITURE DISALLOWED

### 42.1 UNAUTHORISED EXPENDITURE

Corporate Services  
Road Transport  
Electricity

BUDGET	ACTUAL EXPENDITURE	DEFECIT
107 762 048	118 071 239	-10 309 191
71 868 915	73 878 827	-2 009 912
508 293 696	518 989 178	-10 695 482
<b>687 924 659</b>	<b>710 939 244</b>	<b>-23 014 585</b>

To be condoned by Council  
Refer to Appendix E2 for more detail

### 42.2 FRUITLES AND WASTEFUL EXPENDITURE

#### Opening Balance

Fruitless expenditure current year  
Payments received during the year  
Approved by council  
**Closing Balance**

<b>431 385</b>	<b>338 096</b>
0	95 943
-3 202	-2 654
0	0
<b>428 183</b>	<b>431 385</b>

Incident	Date	Disciplinary steps/criminal proceedings		
Theft of money from cash bag	13/01/2007 -	Disciplinary hearing 07/05/2007. Person dismissed	1 657	1 657
Theft of safety boots from stores	21/09/2005	Disciplinary hearing. Person dismissed. Attorneys to recover money.	107 331	107 331
Fraud, corruption and theft at mechanical workshop	2005 - 2007	Disciplinary action. Personnel dismissed. Some money recovered.	0	0
Theft of cash at Gouda cash office	18/02/2008	Disciplinary action. Person not guilty.	4 834	4 834
Payment to service provider, payment into wrong bank.	19/08/2008	Council attorneys busy to recover money.	14 475	17 677
Purchasing of laptops by ex CFO	2004	Condonement from council awaited	180 419	180 419
Purchasing of curtains for deputy mayor office	2007	Condonement from council awaited	20 675	20 675
Theft of money	2010/10/01	Person dismissed. Money not to be recovered	349	349
Theft of Cable	05 February 2010	Not guilty. Witness not willing to testify.	2 500	2 500
Interest paid to JJ specks i.r.o a electricity meter that was swapped	21 October 2004 till 20 February 2011	To be put before council for condonement.	5 000	5 000
Travelling costs paid to boland Travel for an India trip that did not take place.	17-Nov-10	To be put before council for condonement.	59 773	59 773
Loudhailing equipment that was hired and never returned.	11-Nov-10	To be put before council for condonement.	29 500	29 500
Travelling claims overpaid to the Chairperson of the Performance Audit Committee.	15 February till March 2011	To be put before council for condonement.	1 670	1 670
			<b>428 183</b>	<b>431 385</b>

### 42.3 IRREGULAR EXPENDITURE

#### Opening Balance

Irregular expenditure current year  
Payments received during the year  
Approved by council  
**Closing Balance**

<b>3 272 643</b>	<b>1 119 921</b>
9 111 772	2 152 722
0	0
0	0
<b>12 384 415</b>	<b>3 272 643</b>

Incident	Date	Disciplinary steps/criminal proceedings		
Cell phone allowances in addition to telephone allowances paid to councillors.	2005	Awaiting opinion from MEC of local government. Provincial treasury assisting council.	0	0
Approved deviation in respect Youth Day expenditure . No formal bidding	30/06/2010	To be put before council for condonement. Deviation already reported to council.	463 966	463 966
Infrastructure & Planning Directorate had a strategic planning session at the farm . Procurement of goods and services (between R2,000.00 and R10,000.00) - Not 3 quotes	30/06/2010	To be put before council for condonement.	4 772	4 772
SCM requested more than 3 quotes from prospective service providers on each instance. At the closing date of request less than 3 quotations was received Procurement of goods and services (between R10,000.00 and R200,000.00) - Not 3 formal written quotes	30/06/2010	To be put before council for condonement.	86 285	86 285
No advertisement on website to invite price quotations (above R30,000.00). Community development projects	30/06/2010	To be put before council for condonement.	311 870	311 870
Procurement of awards to state employees. The director of company was a teacher and did not declare on tender	30/06/2010	To be put before council for condonement.	108 159	108 159
Procurement in contravention of the PPPFA	30/06/2010	To be put before council for condonement.	144 869	144 869
Advertising costs paid without the SCM processes.	Jan 2011	Registered in the Irregular Expenditure Book. Reported to the Accounting officer.	24 624	24 624
Officials in service of the state		To be put before council for condonement.	124 070	124 070
Officials in service of the state		To be put before council for condonement.	3 991	3 991
Officials in service of the state		To be put before council for condonement.	10 000	10 000
Officials in service of the state		To be put before council for condonement.	5 805	5 805
Officials in service of the state		To be put before council for condonement.	2 000	2 000
Three quotations was not obtained		To be put before council for condonement.	25 784	25 784
Three quotations was not obtained		To be put before council for condonement.	26 620	26 620
No Tender process		To be put before council for condonement.	931 973	931 973
2009 Confederation Cup Flagse		To be put before council for condonement.	320 115	320 115
2010 World Cup Flags		To be put before council for condonement.	677 741	677 741
Three quotations was not obtained		To be put before council for condonement.	8 771 075	0
Hosting of radio programme		To be put before council for condonement.	90 000	0
Additional payment for upgrading of switchgear		To be put before council for condonement.	31 863	0
Appointment of service provider on contract PH5/2006		To be put before council for condonement.	213 544	0
Appointment of service provider on contract PH5/2006		To be put before council for condonement.	5 290	0
			<b>12 384 415</b>	<b>3 272 643</b>

#### 42.4 DISTRIBUTION LOSSES

##### WATER

##### Reconciliation of water losses

Kiloliters bought	17 448 391	17 618 352
Kiloliters sold	15 467 531	15 607 871
Kiloliters Lost	<b>1 980 860</b>	<b>2 010 481</b>
Value of losses	<b>1 980 860</b>	<b>1 861 112</b>
Percentage of losses	11.35%	11.41%
Norm of losses	15.00%	15.00%

##### Reasons for losses:

Burst pipes  
 Use of unmetered fire water connections at flat buildings and factories.  
 Open spaces & sports fields that is still unmetered  
 Undetected leaks underground  
 Scouring of mainlines and reservoirs as part of the operational procedure to ensure good water quality

##### ELECTRICITY

##### Reconciliation of MWh losses

MWh units bought	740 813 368	745 089 039
MWh units sold	679 774 239	680 046 504
MWh units lost	<b>61 039 129</b>	<b>65 042 535</b>
Value of losses	<b>45 124 183</b>	<b>27 709 916</b>
Percentage of losses	8.24%	8.73%
Norm of losses	10.00%	10.00%

##### Reasons for losses:

Technical losses  
 Unmetered services  
 Theft

#### 43 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

##### 43.1 Contributions to SALGA

Opening balance	0	0
Council subscriptions	2 228 922	1 619 742
Amount paid - current year	-2 228 922	-1 619 742
Amount paid - previous years	0	0
<b>Balance unpaid (included in creditors)</b>	<b>0</b>	<b>0</b>

##### 43.2 Audit fees

Opening balance	0	0
Current year audit fee	4 012 301	3 400 972
Amount paid - current year	-4 012 301	-3 400 972
Amount paid - previous years	0	0
<b>Balance unpaid (included in creditors)</b>	<b>0</b>	<b>0</b>

##### 43.3 VAT

VAT output payables and VAT input receivables are shown in note 18. All VAT returns have been submitted by the due date throughout the year.

##### 43.4 PAYE

Opening balance	0	0
Current year payroll deductions	28 676 799	28 317 370
Amount paid - current year	-28 676 799	-28 317 370
Amount paid - previous years	0	0
<b>Balance unpaid (included in creditors)</b>	<b>0</b>	<b>0</b>

##### 43.5 UIF

Opening balance	0	0
Current year payroll deductions	3 667 170	3 813 156
Amount paid - current year	-3 667 170	-3 813 156
Amount paid - previous years	0	0
<b>Balance unpaid (included in creditors)</b>	<b>0</b>	<b>0</b>

##### 43.6 Pension Deductions

Opening balance	0	0
Current year payroll deductions and council contributions	41 962 754	47 837 084
Amount paid - current year	-41 962 754	-47 837 084
Amount paid - previous years	0	0
<b>Balance unpaid (included in creditors)</b>	<b>0</b>	<b>0</b>



#### 43.7 Medical Aid Deductions

Opening balance	0	0
Current year payroll deductions and council contributions	17 695 878	18 125 091
Amount paid - current year	-17 695 878	-18 125 091
Amount paid - previous years	0	0
<b>Balance unpaid (included in creditors)</b>	<b>0</b>	<b>0</b>

#### 43.8 Councilors arrear consumer accounts

The following Councilors had arrear accounts outstanding for more than 90 days as at 31 August 2011

	<b>Total</b>	<b>Outstanding less than</b>	<b>Outstanding more</b>
	<b>R</b>	<b>90 days</b>	<b>than 90 days</b>
		<b>R</b>	<b>R</b>
DM MCHELM	2 683	657	2 027
DA&MD DAVIDS	11 862	751	11 111
L & D ARENDSE	2 360	101	2 259
GJ/WJ WITBOOI	4 684	459	4 225
DS BLANCKENBERG	17 422	60	17 362
JB SOLOMONS	9 607	1 304	8 304
M A SOMNGQEZA	2 403	733	1 670
MM SOMNGQEZA	9 392	726	8 666
C MANGENA	7 202	366	6 836
GI PETERSEN/DJ	2 145	767	1 378
JB LIEBENBERG	4 850	1 329	3 521
JG SMITH	841	6	835
D L SCHRICH/R	15 625	786	14 839
J P HENDRICKSE	10 618	2 139	8 479
F HENDRIKSE	8 822	1 057	7 765
K/NL SHELDON	11 444	8 668	2 775
	<b>121 960</b>	<b>19 908</b>	<b>33 859</b>

The following Councilors had arrear accounts outstanding for more than 90 days as at 30 September 2011

	<b>Total</b>	<b>Outstanding less than</b>	<b>Outstanding more</b>
	<b>R</b>	<b>90 days</b>	<b>than 90 days</b>
		<b>R</b>	<b>R</b>
JG SMITH	841	6	835
GJ/WJ WITBOOI	4 780	430	4 351
DS BLANCKENBERG	15 447	0	15 447
JB SOLOMONS	8 512	938	7 574
M A SOMNGQEZA	2 197	499	1 699
M M SOMNGQEZA	8 296	471	7 825
C MANGENA	6 758	251	6 507
DS BLANCKENBERG	339	0	339
DM MCHELM	2 885	657	2 229
DA&MD DAVIDS	12 041	748	11 292
L & D ARENDSE	2 514	195	2 320
GI PETERSEN/DJ	2 405	782	1 623
D/SM JOHNSON	5 873	5 296	577
JB LIEBENBERG	5 312	1 391	3 922
GI PETERSEN/DJ	2 405	782	1 623
D/SM JOHNSON	5 873	5 296	577
JB LIEBENBERG	5 312	1 391	3 922
F CUPIDO	1 910	418	1 492
D L SCHRICH/R	15 861	838	15 023
J P HENDRICKSE	10 646	1 889	8 757
F HENDRIKSE	8 985	1 076	7 909
	<b>129 195</b>	<b>23 353</b>	<b>105 843</b>

The following Councilors had arrear accounts outstanding for more than 90 days as at 31 October 2011

	<b>Total</b>	<b>Outstanding less than</b>	<b>Outstanding more</b>
	<b>R</b>	<b>90 days</b>	<b>than 90 days</b>
		<b>R</b>	<b>R</b>
L & D ARENDSE	3 426	1 083	2 343
GI PETERSEN/DJ	2 684	800	1 884
D/SM JOHNSON	6 497	5 180	1 316
JB LIEBENBERG	5 332	1 383	3 949
F CUPIDO	2 328	836	1 492
L.M. MAGALA	600	549	52
J P HENDRICKSE	10 828	1 517	9 311
F HENDRIKSE	12 122	3 988	8 134
	<b>43 817</b>	<b>15 338</b>	<b>28 480</b>

The following Councilors had arrear accounts outstanding for more than 90 days as at 30 November 2011

	<b>Total</b>	<b>Outstanding less than</b>	<b>Outstanding more</b>
	<b>R</b>	<b>90 days</b>	<b>than 90 days</b>
		<b>R</b>	<b>R</b>
BLANCKENBERG DS	2 211	425	1 786
BLANCKENBERG DS	11 498	0	11 498
F CUPIDO	2 717	1 254	1 463
MANGENA C	571	142	429
MANGENA C	5 870	0	5 870
SCHRICH DL/R	15 283	176	15 108
	<b>38 150</b>	<b>1 997</b>	<b>36 153</b>

The following Councilors had arrear accounts outstanding for more than 90 days as at 31 December 2011

SCHRIC D L /R  
BLANCKENBERG DS  
MANGENA C  
MAGALA L.M.  
SHELDON K/NL

Total R	Outstanding less than 90 days R	Outstanding more than 90 days R
15 100	46	15 055
9 523	0	9 523
5 426	0	5 426
703	549	154
11 740	8 867	2 874
<b>42 492</b>	<b>9 461</b>	<b>33 031</b>

The following Councilors had arrear accounts outstanding for more than 90 days as at 31 January 2012

DS BLANCKENBERG  
C MANGENA  
MW NOTHNAGEL

Total R	Outstanding less than 90 days R	Outstanding more than 90 days R
7 548	0	7 548
4 982	0	4 982
316	26	289
<b>12 846</b>	<b>26</b>	<b>12 820</b>

The following Councilors had arrear accounts outstanding for more than 90 days as at 28 February 2012

DS BLANCKENBERG  
C MANGENA

Total R	Outstanding less than 90 days R	Outstanding more than 90 days R
5 573	0	5 573
4 539	0	4 539
<b>10 112</b>	<b>0</b>	<b>10 112</b>

The following Councilors had arrear accounts outstanding for more than 90 days as at 31 March 2012

DS BLANCKENBERG  
C MANGENA  
NJ/FA QEBENYA/ARENDS

Total R	Outstanding less than 90 days R	Outstanding more than 90 days R
3 598	0	3 598
4 095	0	4 095
2 335	1 743	592
<b>10 028</b>	<b>1 743</b>	<b>8 285</b>

The following Councilors had arrear accounts outstanding for more than 90 days as at 30 April 2012

DS BLANCKENBERG  
C MANGENA  
NJ/FA QEBENYA/ARENDS  
K/NL SHELDON

Total R	Outstanding less than 90 days R	Outstanding more than 90 days R
1 623	0	1 623
3 651	0	3 651
3 502	2 335	1 166
10 078	9 388	690
<b>18 854</b>	<b>11 723</b>	<b>7 130</b>

The following Councilors had arrear accounts outstanding for more than 90 days as at 31 May 2012

C. Mangena

Total R	Outstanding less than 90 days R	Outstanding more than 90 days R
2104	85	2020
<b>2104</b>	<b>85</b>	<b>2020</b>

The following Councilors had arrear accounts outstanding for more than 90 days as at 30 June 2012

30th June 2012

C. Mangena

Total R	Outstanding less than 90 days R	Outstanding more than 90 days R
2 170	172	1 998
<b>2 170</b>	<b>172</b>	<b>1 998</b>

30th June 2011

BLANCKENBERG , DERRICK SOLOMON  
CUPIDO , FELIX PATRIC  
MANGENA , TEMBEKILE CHRISTOPHER  
MCHLM , JEROME CLIVE  
MTIKI , NOMBUISELO  
PHILANDER , WENDY FELECIA  
ROSS , CUPIDO SENIOR  
SOMGQEZA , TANDIWE EVELINE  
STOWMAN , AIDAN CHARLES  
TSHAYA , MPELESE ALFRED  
WITBOOI , GERALD JOHN  
**Total Councilor Arrear Consumer Accounts**

Total R	Outstanding less than 90 days R	Outstanding more than 90 days R
20 247	1 337	18 910
4 144	1 167	2 977
8 641	326	8 316
2 511	682	1 829
6 877	465	6 412
5 731	1 268	4 463
3 275	1 478	1 797
14 174	1 688	12 486
6 072	547	5 525
2 485	426	2 059
4 886	460	4 426
<b>79 044</b>	<b>9 845</b>	<b>69 199</b>

### 43.9 Non-Compliance with Chapter 11 of the Municipal Finance Management Act

Non Compliance to the following sections of chapters of the MFMA :

CHAPTER	SECTION	SUB - SECTION
7	52	(d)
	53	
	54	(i)
8	64	(3)
	66	
	69	(3)
	71	(i) to (v)
	72	(1) to (3)
	74	(1) to (2)
	75	(1) to (2)
4	17	(3)
	24	( c )
	31	
3	11	(4)
12	121	(1)
	125	(2)
	129	(1)
	131	(1)
	129	(1)
	131	

#### 44 Deviation from, and ratification of minor breaches of, the Procurement Processes

In terms of section 36(2) of the Supply Chain Management Policy approved by Council it is stipulated that bids where the formal procurement processes could not be followed, must be noted in the financial statements.

The majority of the items mentioned resulted from flood damage that had to be addressed at short notice and the response times did not allow for the complete procurement process to be followed. The balance of items was due to emergency circumstances and economic benefits for the municipality.

Order Class : Emergency	699 863	2 316 893
Order Class : Sole Suppliers	4 727 825	7 168 894
Order Class : Workshop repairs (Strip & Quote)	11 677 387	12 777 449
Order Class : Above R200,000 approved by MM	2 695 313	7 355 720
	<b>19 800 388</b>	<b>29 618 956</b>

#### 45 CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:

- Approved and contracted for

Infrastructure  
Community  
Land & Buildings  
Other  
Housing  
Investment Properties

73 850 822	132 836 598
73 850 822	120 597 306
0	0
0	12 239 292
0	0
0	0
0	0

- Approved but not yet contracted for

Land and buildings  
Infrastructure  
Community  
Heritage  
Housing Development  
Other  
Housing Development Fund  
Investment Properties

4 250 844	545 360
1 060 000	545 360
3 190 844	0
0	0
0	0
0	0
0	0
0	0

**Total**

<b>78 101 666</b>	<b>133 381 958</b>
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This expenditure will be financed from:

- External Loans  
- Capital Replacement Reserve  
- Government Grants  
- Other sources

48 760 741	38 456 048
13 051 706	26 481 118
13 898 375	68 444 791
2 390 844	0
<b>78 101 666</b>	<b>133 381 958</b>

#### 46 FINANCIAL INSTRUMENTS

##### 46.1 Classification of Financial Instruments

##### FINANCIAL ASSETS:

In accordance with IAS 39.09 the Financial Assets of the municipality are classified as follows :

Financial Assets	Classification		
<b>Investments</b>			
Investment in Unlisted shares	Held to maturity	112 000	112 000
<b>Long-term Receivables</b>			
Loans to employees	Loans and receivables	0	0
Sporting bodies	Loans and receivables	31 553	61 150
Public organisations	Loans and receivables	188 933	237 870
Housing selling scheme loans	Loans and receivables	1 365 834	3 938 239

<b>Consumer Debtors from exchange transactions</b>			
Service debtors	Loans and receivables	96 361 625	92 727 733
Housing Rental Schemes	Loans and receivables	2 264 511	4 129 044
Housing Selling Schemes	Loans and receivables	469 612	401 968
<b>Consumer Debtors from non-exchange transactions</b>			
Service debtors - Rates	Loans and receivables	18 508 615	13 575 441
<b>Other Debtors from exchange transactions</b>	Loans and receivables	3 086 675	2 205 058
<b>Other Debtors from non-exchange transactions</b>	Loans and receivables	15 706 153	9 590 895
<b>Current Portion of Long-term Receivables</b>			
Loans to employees	Loans and receivables	0	0
Sporting bodies	Loans and receivables	30 071	26 777
Public organisations	Loans and receivables	9 434	8 479
Housing selling scheme loans	Loans and receivables	263 979	224 399
<b>VAT Receivable</b>			
VAT Control Accounts	Loans and receivables	19 778 840	23 611 624
<b>Cash and cash equivalents</b>			
Bank and cash on hand	Available for sale	9 777 399	10 146 425
Other Cash Equivalents	Available for sale	102 165 057	156 074 889
<b>SUMMARY OF FINANCIAL ASSETS</b>			
<b>Held to maturity:</b>			
Investments	Listed Investments	112 000	112 000
		<b>112 000</b>	<b>112 000</b>
<b>Loans and Receivables</b>			
Long-term Receivables	Loans to employees	0	0
Long-term Receivables	Sporting bodies	31 553	61 150
Long-term Receivables	Public organisations	188 933	237 870
Long-term Receivables	Housing selling scheme loans	1 365 834	3 938 239
<i>Receivables from exchange transactions</i>			
Consumer Debtors	Service debtors	96 361 625	92 727 733
Consumer Debtors	Housing Rental Schemes	2 264 511	4 129 044
Consumer Debtors	Housing Selling Schemes	469 612	401 968
Other Debtors	Other Debtors	3 086 675	2 205 058
<i>Receivables from non-exchange transactions</i>			
Consumer Debtors	Service debtors - Rates	18 508 615	13 575 441
Other Debtors	Other Debtors	15 706 153	9 590 895
Current Portion of Long-term Receivables	Loans to employees	0	0
Current Portion of Long-term Receivables	Sporting bodies	30 071	26 777
Current Portion of Long-term Receivables	Public organisations	9 434	8 479
Current Portion of Long-term Receivables	Housing selling scheme loans	263 979	224 399
VAT Receivable	VAT Control Accounts	19 778 840	23 611 624
		<b>158 065 835</b>	<b>150 738 675</b>
<b>Available for Sale:</b>			
Bank Balances and Cash	Bank Balances	9 777 399	10 146 425
Bank Balances and Cash	Short term investment deposits	102 165 057	156 074 889
		<b>111 942 456</b>	<b>166 221 314</b>
<b>Total Financial Assets</b>			
		<b>270 120 291</b>	<b>317 071 989</b>

No Loans and Receivables are designated as at Fair Value Through Profit or Loss.

#### FINANCIAL LIABILITIES:

In accordance with IAS 39.09 the Financial Liabilities of the municipality are classified as follows (FVTPL = Fair Value through Profit or Loss):

<u>Financial Liabilities</u>	<u>Classification</u>		
<b>Long-term Liabilities</b>			
Annuity Loans	Not valued at FVTPL	500 494 186	334 133 282
<b>Consumer Deposits</b>			
Electricity and Water	Not valued at FVTPL	22 138 506	19 562 941
<b>Payables from exchange transactions</b>			
Trade creditors	Not valued at FVTPL	68 903 115	134 454 495
Staff Leave	Not valued at FVTPL	17 695 745	16 515 471
Payments received in advance	Not valued at FVTPL	14 877 309	12 736 705
Other creditors	Not valued at FVTPL	43 810 583	35 521 565
<b>Unspent Conditional Grants and Receipts</b>			
Conditional Grants from other spheres of Government	Not valued at FVTPL	25 270 205	26 363 592
Other Conditional Receipts	Not valued at FVTPL	2 128 756	1 853 986
<b>Bank Overdraft</b>			
Bank Overdraft	Not valued at FVTPL	0	0
<b>Current Portion of Long-term Liabilities</b>			
Annuity Loans	Not valued at FVTPL	57 242 133	35 797 120

## SUMMARY OF FINANCIAL LIABILITIES

### Not valued at Fair Value through Profit and Loss (Amortised cost):

Long-term Liabilities	Annuity Loans	500 494 186	334 133 282
Consumer Deposits	Electricity and Water	22 138 506	19 562 941
Creditors	Trade creditors	68 903 115	134 454 495
Creditors	Staff Leave	17 695 745	16 515 471
Creditors	Payments received in advance	14 877 309	12 736 705
Creditors	Other creditors	43 810 583	35 521 565
Unspent Conditional Grants and Receipts	Conditional Grants from other spheres of Government	25 270 205	26 363 592
Unspent Conditional Grants and Receipts	Other Conditional Receipts	2 128 756	1 853 986
Bank Overdraft	Bank Overdraft	0	0
Current Portion of Long-term Liabilities	Annuity Loans	57 242 133	35 797 120

### Total Financial Liabilities

**752 560 538** **616 939 156**

## 46.2 Fair Value of Financial Instruments

The management of the municipality is of the opinion that the carrying value of Financial Assets and Financial Liabilities recorded at amortised cost in the Annual Financial Statements approximate their fair values, except for the listed Government stock. In accordance with IAS 39.09 the Fair Values of Financial Assets and Financial Liabilities, together with the carrying amounts shown in the Statement of Financial Position, are as follows:

	2012		2011	
	Carrying Amount R	Fair Value R	Carrying Amount R	Fair Value R
<b>FINANCIAL ASSETS</b>				
<b>Held to maturity:</b>				
Listed Investments	112 000	160 822	112 000	155 477
	<b>112 000</b>	<b>160 822</b>	<b>112 000</b>	<b>155 477</b>
<b>Loans and Receivables</b>				
Long-term Receivables	157 762 349	157 762 349	150 479 020	150 479 020
Receivables from exchange transactions	1 282 835	1 282 835	3 977 605	3 977 605
Receivables from non-exchange transactions	102 182 423	102 182 423	110 834 185	110 834 185
Current Portion of Long-term Receivables	34 214 767	34 214 767	11 795 952	11 795 952
VAT Receivable	303 485	303 485	259 654	259 654
	<b>19 778 840</b>	<b>19 778 840</b>	<b>23 611 624</b>	<b>23 611 624</b>
<b>Available for Sale</b>				
Bank Balances and Cash	111 957 156	111 957 156	166 235 214	166 235 214
	<b>111 957 156</b>	<b>111 957 156</b>	<b>166 235 214</b>	<b>166 235 214</b>
<b>Total Financial Assets</b>	<b>269 831 506</b>	<b>269 880 327</b>	<b>316 826 234</b>	<b>316 869 711</b>
<b>FINANCIAL LIABILITIES</b>				
<b>Not at FVTPL (at amortised cost):</b>				
	695 318 404	695 318 404	596 945 752	596 945 752
Unsecured Bank Facilities:	443 252 053	443 252 053	298 336 162	298 336 162
- Annuity Loans	443 252 053	443 252 053	298 336 162	298 336 162
- Bank Overdraft	0	0	0	0
Trade and Other Payables:	252 066 351	252 066 351	298 609 591	298 609 591
- Consumer Deposits	22 138 506	22 138 506	19 562 941	19 562 941
- Payables from exchange transactions	145 286 752	145 286 752	215 031 952	215 031 952
- Unspent Conditional Grants	27 398 961	27 398 961	28 217 577	28 217 577
- Current Portion of Long-term Liabilities	57 242 133	57 242 133	35 797 120	35 797 120
<b>Total Financial Liabilities</b>	<b>695 318 404</b>	<b>695 318 404</b>	<b>596 945 752</b>	<b>596 945 752</b>
<b>Total Financial Instruments</b>	<b>(425 486 899)</b>	<b>(425 438 077)</b>	<b>(280 119 518)</b>	<b>(280 076 041)</b>

The Fair Values of Financial Assets and Financial Liabilities are determined as follows:

The Fair Value of Long term liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

The fair value of Other Financial Assets and Financial Liabilities were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties as well as the the current payment ratio's of the municipality's debtors.

The Annual Financial Statements include holdings in Listed Government Stock which are measured at amortised cost (note 14). Fair Value is estimated with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices.

### Assumptions used in determining Fair Value of Financial Assets and Financial Liabilities

The table below analyses Financial Instruments carried at Fair Value at the end of the reporting period by the level of fair-value hierarchy as required by GRAP 104. The different levels are based on the extent to which quoted prices are used in the calculation of the Fair Value of the Financial Instruments. The levels have been defined as follows:

#### Level 1:-

Fair Values are based on quoted market prices (unadjusted) in active markets for an identical instrument.

#### Level 2:-

Fair Values are calculated using valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3:-

Fair Values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. Also, this category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Class is one level lower than category.

2012

	Level 1 R	Level 2 R	Level 3 R	Total R
<b>FINANCIAL ASSETS</b>				
<b>Financial Instruments at Fair Value:</b>				
Listed Investments	112 000	0	0	112 000
Call Deposits	0	102 165 057	0	102 165 057
Bank Balances and Cash	0	9 777 399	0	9 777 399
<b>Total Financial Assets</b>	<b>112 000</b>	<b>111 942 456</b>	<b>0</b>	<b>112 054 456</b>
<b>FINANCIAL LIABILITIES</b>				
<b>Financial Instruments at Fair Value:</b>				
Financial Instruments at Fair Value:	0	0	0	0
Bank Overdraft	0	0	0	0
<b>Total Financial Liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Financial Instruments</b>	<b>112 000</b>	<b>111 942 456</b>	<b>0</b>	<b>112 054 456</b>

2011

	Level 1 R	Level 2 R	Level 3 R	Total R
<b>FINANCIAL ASSETS</b>				
<b>Financial Instruments at Fair Value:</b>				
Listed Investments	112 000	0	0	112 000
Call Deposits	0	156 074 889	0	156 074 889
Bank Balances and Cash	0	10 146 425	0	10 146 425
<b>Total Financial Assets</b>	<b>112 000</b>	<b>166 221 314</b>	<b>0</b>	<b>166 333 314</b>
<b>FINANCIAL LIABILITIES</b>				
<b>Financial Instruments at Fair Value:</b>				
Financial Instruments at Fair Value:	0	0	0	0
Bank Overdraft	0	0	0	0
<b>Total Financial Liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Financial Instruments</b>	<b>112 000</b>	<b>166 221 314</b>	<b>0</b>	<b>166 333 314</b>

#### 46.3 Capital Risk Management

The municipality manages its capital to ensure that the municipality will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and equity balance.

The capital structure of the municipality consists of debt, which includes the Long-term Liabilities disclosed in Note 5; Cash and Cash Equivalents disclosed in Note 21; and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in Notes 1 to 3 and the Statement of Changes in Net Assets.

#### Gearing Ratio

The gearing ratio at the year-end was as follows:

Debt	500 494 186	334 217 225
Equity	3 619 641 398	3 258 904 860
Net debt to equity ratio	13.83%	10.26%

Debt is defined as Long- and Short-term Liabilities, as detailed in Note 5.

Equity includes all Funds and Reserves of the municipality, disclosed as Net Assets in the Statement of Financial Position.C2066+C2042

#### 46.4 Financial Risk Management Objectives

Due to largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by

The Directorate: Financial services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity. Compliance with policies and procedures is reviewed by internal auditors on a continuous basis, and by external auditors annually. The entity does not enter into or trade financial instruments for speculative purposes.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports quarterly to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

#### 46.5 Significant Accounting Policies

Details of the significant Accounting Policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of Financial Asset, Financial Liability and Equity Instrument are disclosed in the Accounting Policies to the Annual Financial Statements.

#### 46.6 Market risk

The municipality's activities expose it primarily to the financial risks of changes in interest rates (see Note 47.8 below). No formal policy exists to hedge

#### 46.7 Interest Rate Risk

*Interest Rate Risk* is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of Potential concentrations of interest rate risk on financial assets consist mainly of fixed deposit investments and bank and cash balances. The municipality is not exposed to a high level of interest rate risk on its financial liabilities. All of the Municipality's interest bearing external loan liabilities, as No interest rate sensitivity analysis was performed, as the municipality is not exposed to variable interest rates on outstanding liabilities. The municipality's maximum exposures to interest rates on Financial Assets and Financial Liabilities are detailed in the Credit Risk Management section of this note.

#### Effect of a change in interest rate on interest bearing financial assets and liabilities

		R 2012
<b>Financial Assets</b>	<b>Classification</b>	
<b><u>External investments:</u></b>		
Fixed Deposits	Held to maturity	112 000
Call Deposits	Available for Sale	102 165 057
Bank Balances	Available for Sale	9 777 399
Cash Floats and Advances	Available for Sale	14 700
		<b>112 069 156</b>
<b><u>Interest received</u></b>		
Interest Earned - External Investments		5 322 775
Interest rate		5%
<b><u>Effect of a change in interest rate on interest earned from external investments:</u></b>		
Effect of change in interest rate	%	4%
Effect of change in interest rate	Rand value	4 202 083
Effect of change in interest rate	%	6%
Effect of change in interest rate	Rand value	6 443 466
<b><u>Outstanding debtors:</u></b>		
Receivables from exchange transactions	Loans and receivables	102 182 423
Receivables from Non exchange transactions	Loans and receivables	34 214 767
Staff loans - current portion	Loans and receivables	
		<b>136 397 191</b>
<b><u>Interest received</u></b>		
Interest Earned - Outstanding Debtors		9 063 784
Interest rate		7%
<b><u>Effect of a change in interest rate on interest earned from outstanding debtors</u></b>		
Effect of change in interest rate	%	6%
Effect of change in interest rate	Rand value	7 699 812
Effect of change in interest rate	%	8%
Effect of change in interest rate	Rand value	10 427 756
<b>Financial Liabilities</b>	<b>Classification</b>	
<b><u>Long-term Liabilities</u></b>		
Annuity Loans	Not valued at FVTPL	500 494 186
Finance leases	Not valued at FVTPL	
		<b>500 494 186</b>
<b><u>Interest paid</u></b>		
Long-term Liabilities		36 853 855
Interest rate %		7%
<b><u>Effect of a change in interest rate on interest paid on long-term liabilities</u></b>		
Effect of change in interest rate	%	6%
Effect of change in interest rate	Rand value	31 848 913
Effect of change in interest rate	%	8%
Effect of change in interest rate	Rand value	41 858 797

#### 46.7 Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Council. The Municipality manages liquidity risk by effectively managing its working capital, capital expenditure, external borrowings and cash flows. Standby credit facilities are available with the Municipality's main banker to cater for any unexpected temporary shortfall in operating funds.

#### 46.8 Liquidity and Interest Risk Tables

The following tables detail the municipality's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the municipality can be required to pay. The table includes both interest and principal cash flows.

30 JUNE 2012

Description	Average Effective Interest Rates	6 Months or less	6 - 12 Months	1 - 2 Years	Total carried forward
	%	R	R	R	R
<b>FIXED RATE INSTRUMENTS</b>					
<b>Unsecured Bank Facilities</b>		<b>(53 279 720)</b>	<b>(106 559 441)</b>	<b>(204 060 479)</b>	<b>(363 899 639)</b>
Loan No 10618/4 DBSA	10.80%	(1 792 407)	(3 584 815)	-1 792 726	(7 169 948)
Loan No 10618/4 DBSA	11.48%	(4 219 686)	(8 439 372)	-16 878 743	(29 537 801)
Loan No 10618/4 DBSA	6.75%	(849 243)	(1 698 486)	-3 396 973	(5 944 702)
Loan No 00-0001 INCA	9.30%	(2 282 620)	(4 565 240)	-9 130 481	(15 978 341)
Loan No 00-0001 INCA	10.03%	(1 843 201)	(3 686 402)	-7 372 803	(12 902 406)
Loan No NEDBANK	12.65%	(8 794 540)	(17 589 080)	-35 178 160	(61 561 780)
Loan No 783 103 0646 NEDBANK	10.22%	(859 017)	(1 718 033)	-2 577 050	(5 154 100)
Loan No 783 103 0646 NEDBANK	10.64%	(6 053 205)	(12 106 410)	-24 212 819	(42 372 434)
Loan No NEDBANK	7.75%	(2 822 483)	(5 644 965)	-8 467 448	(16 934 896)
Loan No NEDBANK	8.18%	(4 614 606)	(9 229 213)	-18 458 425	(32 302 244)
Loan No NEDBANK	8.63%	(2 554 560)	(5 109 120)	-10 218 240	(17 881 920)
Loan No NEDBANK	9.14%	(9 579 182)	(19 158 364)	-38 316 728	(67 054 274)
Loan No 072-154-314 STANDARD BANK	10.25%	(3 041 059)	(6 082 119)	-12 164 237	(21 287 415)
Loan No 072-154-411 STANDARD BANK	10.40%	(3 973 911)	(7 947 823)	-15 895 646	(27 817 380)
<b>Total Fixed Rate Instruments</b>		<b>(53 279 720)</b>	<b>(106 559 441)</b>	<b>(204 060 479)</b>	<b>(363 899 639)</b>
<b>VARIABLE RATE INSTRUMENTS</b>					
<b>Total Variable Rate Instruments</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

30 JUNE 2012

Description	Average Effective Interest Rates	Total brought forward	3-5 Years	More than 5 Years	Total
	%	R	R	R	R
<b>FIXED RATE INSTRUMENTS</b>					
<b>Unsecured Bank Facilities</b>		<b>(321 527 206)</b>	<b>(267 046 168)</b>	<b>(28 737 546)</b>	<b>(617 310 919)</b>
Loan No 10618/4 DBSA	10.80%	(7 169 948)	-	0	(7 169 948)
Loan No 10618/4 DBSA	11.48%	(29 537 801)	(29 537 801)	0	(59 075 602)
Loan No 10618/4 DBSA	6.75%	(5 944 702)	(5 944 702)	0	(11 889 404)
Loan No 00-0001 INCA	9.30%	(15 978 341)	(2 282 620)	0	(18 260 961)
Loan No 00-0001 INCA	10.03%	(12 902 406)	(12 902 406)	0	(25 804 811)
Loan No NEDBANK	12.65%	(61 561 780)	(43 972 700)	0	(105 534 480)
Loan No 783 103 0646 NEDBANK	10.64%	(5 154 100)	0	0	(5 154 100)
Loan No NEDBANK	7.75%	(16 934 896)	0	0	(16 934 896)
Loan No NEDBANK	8.18%	(32 302 244)	(13 843 819)	0	(46 146 063)
Loan No NEDBANK	8.63%	(17 881 920)	(17 881 919)	0	(35 763 839)
Loan No NEDBANK	9.14%	(67 054 274)	(95 791 820)	(28 737 546)	(191 583 640)
Loan No 072-154-314 STANDARD BANK	10.25%	(21 287 415)	(9 123 178)	0	(30 410 593)
Loan No 072-154-411 STANDARD BANK	10.40%	(27 817 380)	(35 765 203)	0	(63 582 583)
<b>Total Fixed Rate Instruments</b>		<b>(321 527 206)</b>	<b>(267 046 168)</b>	<b>(28 737 546)</b>	<b>(617 310 919)</b>
<b>VARIABLE RATE INSTRUMENTS</b>					
<b>Total Variable Rate Instruments</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



30 JUNE 2011

Description	Average Effective Interest Rates	6 Months or less	6 - 12 Months	1 - 2 Years	Total carried forward
	%	R	R	R	R
<b>FIXED RATE INSTRUMENTS</b>					
<b>Unsecured Bank Facilities</b>		<b>(36 503 859)</b>	<b>(69 892 994)</b>	<b>(133 043 469)</b>	<b>(239 440 324)</b>
Loan No 101633/1 DBSA	13.68%	(1 999 528)	(1 999 873)	0	-3 999 401
Loan No 10618/4 DBSA	10.80%	(1 792 407)	(3 584 815)	-5 377 541	-10 754 763
Loan No 10618/4 DBSA	11.48%	(4 219 686)	(8 439 372)	-16 878 743	-29 537 801
Loan No 10618/4 DBSA	6.75%	(849 243)	(1 698 486)	-3 396 973	-5 944 702
Loan No 00-0001 INCA	9.30%	(2 282 620)	(4 565 240)	-9 130 481	-15 978 341
Loan No 00-0001 INCA	10.03%	(1 843 201)	(3 686 402)	-7 372 803	-12 902 406
Loan No 30-0868-5982 ABSA	15.00%	(320 098)	0	0	-320 098
Loan No 30-0868-2071 ABSA	14.21%	(475 344)	(475 343)	0	-950 687
Loan No NEDBANK	12.65%	(8 794 540)	(17 589 080)	-35 178 160	-61 561 780
Loan No 783 103 0646 NEDBANK	10.22%	(859 017)	(1 718 033)	-3 436 066	-6 013 116
Loan No 783 103 0646 NEDBANK	10.64%	(6 053 205)	(12 106 410)	-24 212 819	-42 372 434
Loan No 072-154-314 STANDARD BANK	10.25%	(3 041 059)	(6 082 119)	-12 164 237	-21 287 415
Loan No 072-154-411 STANDARD BANK	10.40%	(3 973 911)	(7 947 823)	-15 895 646	-27 817 380
<b>Total Fixed Rate Instruments</b>		<b>(36 496 299)</b>	<b>(69 885 434)</b>	<b>(133 043 469)</b>	<b>(239 425 204)</b>
<b>VARIABLE RATE INSTRUMENTS</b>					
<b>Total Variable Rate Instruments</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

30 JUNE 2011

Description	Average Effective Interest Rates	Total brought forward	3 - 5 Years	More than 5 Years	Total
	%	R	R	R	R
<b>FIXED RATE INSTRUMENTS</b>					
<b>Unsecured Bank Facilities</b>		<b>(239 440 322)</b>	<b>(243 267 882)</b>	<b>(22 133 526)</b>	<b>(504 841 731)</b>
Loan No 101633/1 DBSA	13.68%	(3 999 401)	0	0	-3 999 401
Loan No 10618/4 DBSA	10.80%	(10 754 763)	0	0	-10 754 763
Loan No 10618/4 DBSA	11.48%	(29 537 801)	(37 977 173)	0	-67 514 974
Loan No 10618/4 DBSA	6.75%	(5 944 702)	(7 643 189)	0	-13 587 891
Loan No 00-0001 INCA	9.30%	(15 978 341)	(6 847 860)	0	-22 826 202
Loan No 00-0001 INCA	10.03%	(12 902 406)	(12 902 406)	0	-25 804 811
Loan No 30-0868-5982 ABSA	15.00%	(320 098)	0	0	-320 098
Loan No 30-0868-2071 ABSA	14.21%	(950 687)	0	0	-950 687
Loan No NEDBANK	12.65%	(61 561 780)	(61 561 780)	0	-123 123 560
Loan No NEDBANK	10.22%	(42 372 434)	(60 532 048)	-18 159 614	-121 064 096
Loan No 783 103 0646 NEDBANK	10.64%	(6 013 116)	(859 017)	0	-6 872 132
Loan No 072-154-411 STANDARD BANK	10.40%	(27 817 380)	(39 739 114)	-3 973 911	-71 530 405
<b>Total Fixed Rate Instruments</b>		<b>(239 425 202)</b>	<b>(243 267 882)</b>	<b>(22 133 526)</b>	<b>(504 826 611)</b>
<b>VARIABLE RATE INSTRUMENTS</b>					
<b>Total Variable Rate Instruments</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

The following table details the municipality's expected maturity for its **financial assets**. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the municipality anticipates that the cash flow will occur in a different period.

Description	Average Effective Interest Rates	6 Months or less	6 - 12 Months	1 - 2 Years	Total carried forward
<b>30-Jun-12</b>	%	R	R	R	R
Variable Interest Rate Instruments	5.65%	3 138 000	3 138 000	6 072 560	12 348 560
Fixed Interest Rate Instruments	13.50%	7 560	7 560	7 560	22 680
		<b>3 145 560</b>	<b>3 145 560</b>	<b>6 080 120</b>	<b>12 371 240</b>
<b>30-Jun-11</b>					
Variable Interest Rate Instruments	5.50%	4 194 969	4 194 968	9 019 183	17 409 120
Fixed Interest Rate Instruments	13.50%	7 560	7 560	7 560	22 680
		<b>4 202 529</b>	<b>4 202 528</b>	<b>9 026 743</b>	<b>17 431 800</b>
Description	Average Effective Interest Rates	Total brought forward	2 - 5 Years	More than 5 Years	Total
<b>30-Jun-12</b>	%	R	R	R	R
Variable Interest Rate Instruments	5.65%	12 348 560	5 436 914	0	17 785 474
Fixed Interest Rate Instruments	13.50%	22 680	7 560	7 560	37 800
		<b>12 371 240</b>	<b>5 444 474</b>	<b>7 560</b>	<b>17 823 274</b>
<b>30-Jun-11</b>					
Variable Interest Rate Instruments	5.50%	17 409 120	0	0	17 409 120
Fixed Interest Rate Instruments	13.50%	22 680	7 560	7 560	37 800
		<b>17 431 800</b>	<b>7 560</b>	<b>7 560</b>	<b>17 446 920</b>

The municipality has access to financing facilities, the total unused amount which is R5 million at the balance sheet date. The municipality expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets. The municipality expects to maintain its current debt to equity ratio. This will be achieved through the annual increase in tariffs to maintain the accumulated surplus, as well as the increased use of unsecured bank loan facilities.

#### 46.9 Credit Risk Management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality.

Potential concentrations of credit risk consist mainly of fixed deposit investments, long-term debtors, consumer debtors, other debtors, short-term. The Municipality manages credit risk in its borrowing and investing activities by only dealing with well-established financial institutions of high credit

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

The carrying amount of financial assets recorded in the Annual Financial Statements, which is net of impairment losses, represents the municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained.

The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:

Investments	112 000	112 000
Long-term Receivables	5 300 470	5 830 977
Receivables from Exchange Transactions	263 268 074	238 174 160
Receivables from Non - Exchange Transactions	18 792 827	11 795 952
VAT receivable	19 778 840	23 611 624
Bank and Cash Balances	111 957 156	166 235 214
<b>Maximum Credit and Interest Risk Exposure</b>	<b>419 209 367</b>	<b>445 759 927</b>

#### 46.10 Other Price Risks

The municipality is not exposed to equity price risks arising from equity investments as the municipality does not trade these investments.

### 47 RETIREMENT BENEFIT INFORMATION

The Municipality makes provision for post-retirement benefits to eligible Councilors and employees who belong to different pension schemes. These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councilors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the Statement of Financial Performance of R18,126,900 (2011: R15,070,364) represents contributions payable to these plans by the municipality at rates specified in the rules of the plans.

These schemes are subject to a tri-annual, bi-annual or annual actuarial valuation as set out hereunder.

#### CAPE JOINT PENSION FUND

The Cape Joint Pension Fund operates both as a defined benefit and defined contribution scheme.

##### Defined Benefit Scheme

The contribution rate payable is under the defined benefit section is 27%, 9% by the members and 18% by their councils. The actuarial valuation report at 30 June 2011 disclosed an actuarial valuation amounting to R2 971 150 million, with a nett accumulated deficit of R58 935 million, with a funding level of 98.1%.

##### Defined Contribution Scheme

The actuarial valuation report at 30 June 2011 indicated that the defined contribution scheme of the fund is in a sound financial position, with a assets amounting to R 386 570 million, net investment reserve of R15 285 million and a funding level of 104.1%.

#### CAPE JOINT RETIREMENT FUND

The statutory valuation performed as at 30 June 2011 revealed that the assets of the fund amounted to R9 930,837 (30 June 2010: R7 740,205) million, with funding levels of 100,3% and 116,9% (30 June 2010: 99,9% and 100,3%) for the Share Account and the Pensions Account respectively. The contribution rate paid by the members (7,50%) and the municipalities (19,50%) is sufficient to fund the benefits accruing from the fund in the future.

#### SALA PENSION FUND

The SALA Pension Fund operates both as a defined benefit and defined contribution scheme.

The statutory valuation performed as at 30 June 2011 revealed that the assets of the fund amounted to R8 015 (30 June 2010 R7 110,3) million, with funding levels of 98,1% (30 June 2010: 95,9%). The highest contribution rate paid by the members was 9% and by Council 18%.

The trustees have subsequently agreed with the Financial Services Board on a revised scheme of arrangement. As part of the new scheme of arrangement, the fund's benefits have been restructured to ease the pressure on the required future service contribution rate. It is the actuary's opinion that the fund can be regarded as financially sound at the valuation date.

#### MUNICIPAL COUNCILLORS' PENSION FUND

The Municipal Councilors Pension Fund operates as a defined contribution scheme. The actuarial valuation of the fund was undertaken at 30 June 2009 and was reported to be in a sound financial position. The contribution rate paid by the members (13,75 %) and council (15 %) is sufficient to fund the benefits accruing from the fund in the future. The actuary certified the fund as a whole to be in a sound financial condition. The next statutory valuation is performed every 3 years, being 30 June 2012. Valuation not yet finalised.

#### NATIONAL FUND FOR MUNICIPAL WORKERS

The above mentioned fund is a defined contribution Fund and according to Regulation 2 of the Pension Funds Act no 24 of 1956 exempt from the provisions of sections 9A and 16 of the Act. The contribution rate paid by the members (9.00 %) and council (18.00 %).

The latest statutory valuation was done on 01 July 2008, and at this date the results state that the way the benefits are structured in the rules, the fund is limited to an amount equal to the accumulation of all the contributions plus investment returns less administration costs. The next statutory valuation is 3years, being 30 June 2011. Valuation not yet received.

#### SOUTH AFRICAN MUNICIPAL WORKERS UNION NATIONAL PROVIDENT FUND

The SAMWU National Provident Fund is a defined contribution scheme. The contribution rate paid by the members (5%) and council (12%) is sufficient to fund the benefits accruing from the fund in the future. The last actuarial valuation of the fund was performed at 30 June 2005 and the fund was certified as being in a financially sound position. The next statutory valuation is due not later than 30 June 2008. Valuation not yet received.

#### 48 CONTINGENT LIABILITY

##### Nova Packhouse (Pty) Ltd

Claim for damages

104 746 150

104 746 150

The Municipality is being sued by Nova Packhouse (Pty) Ltd for losses suffered when a building was severely damaged by fire. Council is waiting for legal advice. A court date has not yet been set. Should Council be unsuccessful in defending the claim, there is a possibility that the claim will be settled.

##### Paarl Print

Claim for damages

678 047 358

678 047 358

The Municipality is being sued by Paarl Print for losses suffered when a building was severely damaged by fire. Council is waiting for legal advice. A court date has not yet been set. Should Council be unsuccessful in defending the claim, there is a possibility that the claim will be settled.

##### Fire Fighting Services

Claim for services rendered

1 287 012

1 287 012

Fire Fighting charges incurred by Cape Winelands District Municipality, on behalf of Drakenstein Municipality.

##### 49.2 Guarantees of employee housing loans

Guarantees have been issued to various financial institutions on behalf of officials in respect of housing loans. This is partially covered by individual accumulated pensions depending on the years of service. Collateral investments were made in certain cases. The maximum amount of the guarantee in the event of the default is R 476. (2011: R7,787)

476

8 787

##### Comparison with the budget

The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexures E(1) and E(2).

#### 49 BIOLOGICAL ASSETS

Due to the fact that the plants are growing in a nature reserve and is protected by the natures conservation act ( Act no 19 of 1974) a special permit must be obtained to harvest these seeds. The income on the selling of these seeds are accounted for under vote 465525054500. These plant grow wild and there is no input cost by the municipality in order to enhance the growth of these plants.

No value can be placed on this biological assets due to the fact that the municipality cannot determine the quantity of plants. These plants produce seedlings on a yearly basis that can result in plants and the municipality cannot determine which are new seedlings, furthermore the plants can be destroyed by fire. It would also be impossible to determine the value of the plants due to the fact that they are in all different stages of growth. At this stage no proteas can be harvest as it takes between 3 to 6 years for proteas to form flowers again.

## 50 REPORTING AGAINST THE FRAMEWORK FOR SCHEDULE 4 DORA ALLOCATIONS

Submit project registrations and detail project implementation plans before the prescribed due dates.  
Department of provincial and Local Government is monitoring the overall programme implementation.

### 51 Registered MIG programmes for the 2011/2012 financial year

	Received	Expenditure	Closing Balance
CMIP PROJECTS	100 564	100 561	3
SPORTSFIELDS LIGHTING (MIG)	459 654	459 654	0
PUBLIC LIGHTING (BACKLOGS)	362 543	362 543	0
PMU: MIG	1 395 449	1 395 449	0
BULK GRAVITY OUTFALL SEWER PAARL SOUTH -	6 240 000	6 240 000	0
UPGRADE AND EXTENSIONS TO PAARL WWTW PHA	7 000 000	7 000 000	0
WELLINGTON WWTW: REHABILITATION & EXTENTI	3 111 354	3 111 354	0
PENTZ STREET PUMP STATION & NEW RISING M	4 000 000	4 000 000	0
11 ML NEWTON RESERVOIR (MIG)	100 000	100 000	0
UPGRADING OF WATER SUPPLY TO NEWTON AREA	2 000 000	2 000 000	0
WATER TREATMENT WORKS: PAARL MOUNTAIN (M	4 250 000	4 250 000	0
	<b>29 019 564</b>	<b>29 019 561</b>	<b>3</b>

### 52 STATEMENT OF FINANCIAL PERFORMANCE SURPLUS / (DEFECIT)

Total Revenue	1 165 111 358	1 025 587 546
Total Expenditure	1 194 164 760	1 064 163 674
	<b>-29 053 402</b>	<b>-38 576 128</b>
	<b>54 097 176</b>	<b>92 511 171</b>
Min : Revenue from Capital grants	-66 430 669	-42 000 000
Plus: Provision for Landfill site	1 939 025	1 762 750
Plus: Provision for Leave	3 639 729	1 280 184
Plus: Provision for Bad debts	17 854 920	26 540 663
Plus: Depreciation	132 890 965	130 319 739
Min : Redemption	-35 796 793	-25 392 165
	<b>25 043 774</b>	<b>53 935 043</b>

Revised Surplus / (Deficit) for the year

### 53 GOING CONCERN ASSUMPTION

#### MANAGEMENT'S GOING CONCERN ASSESSMENT

Management considered the following matters relating to the Going Concern

- (i) On 28 May 2012 the Council adopted the 2012/13 to 2014/15 Budget. This three-year Medium Term Revenue and Expenditure Framework (MTREF) to support th
- (ii) The municipality's Budget is subjected to a very rigorous independent assessment process to assess its cash-backing status before it is ultimately approved t
- (iii) Strict daily cash management processes are embedded in the municipality's operations to manage and monitor all actual cash inflows and cash outflows in terr
- (v) As the municipality has the power to levy fees, tariffs and charges, this will result in an ongoing inflow of revenue to support the ongoing delivery of municipal services. Certain key financial ratios, such as liquidity, cost coverage, debtors' collection rates and creditors' payment terms are closely monitored and the necessar

The following material uncertainties exists related to events or conditions which may cast significant doubt upon the entity's ability to continue as a going concern and they are explained below:

- (i) Deficit for the year: 2011/12 (R 29 053 401) and 2010/11 (R 38 576 127)

Due to the impact of the implementation of the Standards of GRAP, certain items of a capital nature (such as depreciation of assets, capital grants received and redemption) is accounted through the Statement of Financial performance and not directly to the statement of Net Assets. For example the Municipality measures its Land & Buildings using the Revaluation model, implying that the value of these assets are adjusted and in the current economic climate increase on a year-to-year basis. The increase in value of these assets imply the increase in depreciation, which although increasing year-to-year, is set-off against the accumulated surplus and revalauton reserve that was created with the revaluation of assets. This off-setting depreciation is thus funded through the the revaluation reserve and does not affect the setting of future tariffs.

- (ii) Contingent Liabilities

Three major possible contingent liabilities amount to R784 080 520 have been disclosed in note 40. As there has been no movement in these claims in the past years, there is uncertainty as to whether these claims will realise

Taking the aforementioned into account, management has prepared the Annual Financial Statements on the Going Concern Basis.

Taking the aforementioned into account, management has prepared the Annual Financial Statements on the Going Concern Basi

### 54 UTILISATION OF CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents	111 957 156	166 235 214
	<b>98 885 226</b>	<b>69 623 222</b>
Capital Replacement Reserve	23 007 296	26 692 203
Self Insurance Reserve	1 934 178	2 372 875
Unspent Conditional Grants	27 398 961	28 217 577
Cash invested for repayment of Long - Term liabilities	0	12 340 567
External Loans not spent	46 544 791	0
	<b>13 071 930</b>	<b>96 611 992</b>

Cash available for activities













**APPENDIX A**  
**DRAKENSTEIN MUNICIPALITY : SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2012**

EXTERNAL LOANS	Interest Rate	Loan Number	Redeemable Date	Balance at 30 June 2011	Received during the period	Capitalised during the period	Redeemed/ written off during the period	Balance at 30 June 2012
				R	R	R	R	R
<b>ANNUITY AND OTHER LOANS</b>								
DBSA	13.68%	101633/1	2012	3 619 926	0	0	3 619 926	0
DBSA	10.80%	100618/4	2014	8 976 490	0	0	2 682 144	6 294 346
DBSA	11.48%	103485/4	2018	43 394 924	0	0	3 542 472	39 852 452
DBSA	6.75%	103485/5	2018	10 381 774	0	0	1 013 358	9 368 415
ABSA BANK	15.00%	30-0828-5982	2011	296 925	0	0	296 926	-1
ABSA BANK	14.21%	30-0868-2071	2012	855 234	0	0	855 234	0
NEDBANK	12.65%	49793540000	2018	80 087 847	0	0	7 665 835	72 422 012
NEDBANK	10.22%	1957327022	2015	5 523 656	0	0	1 177 932	4 345 723
NEDBANK	10.64%	7831030646	2021	72 382 001	0	0	3 401 873	68 980 128
NEDBANK	7.75%	05/7831030646/5	2015	0	14 842 246	0	0	14 842 246
NEDBANK	8.18%	05/7831030646/6	2017	0	37 223 420	0	0	37 223 420
NEDBANK	8.63%	05/7831030646/3	2019	0	26 400 000	0	0	26 400 000
NEDBANK	9.14%	05/7831030646/4	2022	0	123 692 029	0	0	123 692 029
STANDARD BANK	10.25%	72154314	2017	26 751 916	0	0	3 417 314	23 334 602
STANDARD BANK	10.40%	72154411	2020	45 710 580	0	0	3 262 699	42 447 881
INCA	9.30%	Loan A	2016	17 901 999	0	0	2 954 482	14 947 517
INCA	10.03%	Loan B	2018	18 250 000	0	0	1 906 597	16 343 403
<b>TOTAL EXTERNAL LOANS</b>				<b>334 133 285</b>	<b>202 157 695</b>	<b>0</b>	<b>35 796 793</b>	<b>500 494 186</b>

## APPENDIX B

## ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2012

	Cost						Accumulated Depreciation							
	Opening Balance R	Transfers/ Adjustments R	Work in Progress R	Additions R	Disposals R	Closing Balance R	Opening Balance R	Transfers/ Adjustments R	Additions R	Disposals R	Closing Balance R	Carrying Value R	Budget Additions 2012	
Land and Buildings														
Land	926 012 107	0	0	0	-3 131 742	922 880 365	0	0	0	0	0	922 880 365	0	
Buildings	146 534 903	-975 551	0	8 128 148	0	153 687 500	-15 628 396	44 136	-1 268 025	0	-16 852 285	136 835 215	8 228 984	
	1 072 547 010	(975 551)	0	8 128 148	(3 131 742)	1 076 567 865	(15 628 396)	44 136	(1 268 025)	0	-16 852 285	1 059 715 580	8 228 984	
Infrastructure														
Drains	130 899 199	0	86 967	0	0	130 986 167	-79 357 681	0	-2 581 160	0	-81 938 841	49 047 325	90 000	
Roads	1 028 936 944	0	18 549 077	3 257 589	0	1 050 743 610	-475 046 120	0	-30 687 676	0	-505 733 796	545 009 815	22 573 858	
Electricity Mains	1 560 587 797	0	4 590 908	5 989 208	0	1 571 167 913	-788 298 446	0	-32 394 256	0	-835 829 436	735 338 477	10 618 893	
Electricity Peak Load Equipment	160 858 194	0	0	6 536 302	0	167 394 496	-67 623 520	0	-3 368 989	0	-70 992 509	96 401 987	6 595 743	
Water Mains & Purification	212 082 320	0	0	0	0	212 082 320	-130 739 742	0	-3 341 922	0	-134 081 664	78 000 656	0	
Reservoirs - Water	292 116 100	0	4 833 779	0	0	296 949 879	-105 723 530	0	-6 669 208	0	-112 392 738	184 557 142	4 833 779	
Water Meters	38 742 881	0	0	0	0	38 742 881	-24 115 999	0	-873 790	0	-24 989 789	13 753 091	0	
Water Mains	229 329 040	0	39 620 437	6 438 376	0	275 387 854	-98 340 799	0	-4 245 044	0	-102 585 843	172 802 011	47 274 999	
Sewerage Mains & Purification	813 192 774	0	132 704 844	1 396 756	0	947 294 373	-314 566 647	0	-8 335 842	0	-322 902 489	624 391 884	135 611 834	
	4 466 745 249	0	200 386 012	23 618 230	0	4 690 749 492	(2 083 812 484)	0	(92 497 886)	0	-2 191 447 104	2 499 302 389	227 599 106	
Community Assets														
Parks & Gardens	18 397 429	0	0	1 006 418	0	19 403 847	-4 422 834	0	-287 396	0	-4 710 230	14 693 617	1 028 597	
Libraries	8 053 214	0	0	5 294 995	0	13 348 210	-2 085 858	0	769 977	0	-1 315 881	12 032 329	5 303 626	
Recreation Grounds	32 567 485	921 213	0	1 860 453	0	35 349 151	-6 418 044	-14 310	-2 109 868	0	-8 542 222	26 806 929	1 893 481	
Civic Buildings	95 657 893	0	11 369 610	2 009 151	-20 500	109 016 153	-9 902 998	0	-4 620 421	15 944	-13 507 474	95 508 679	13 379 543	
	154 676 021	921 213	11 369 610	10 171 017	(20 500)	177 117 360	(21 829 734)	(14 310)	(6 247 707)	15 944	-28 075 806	149 041 553	21 605 247	
Heritage Assets														
Historical Buildings	1 080 913	0	0	0	0	1 080 913	0	0	0	0	0	1 080 913	0	
Painting & Art galleries	25 139	0	0	0	0	25 139	0	0	0	0	0	25 139	0	
	1 106 052	0	0	0	0	1 106 052	0	0	0	0	0	1 106 052	0	
Housing Rental Stock														
Housing Rental 1	249 503 268	0	0	0	-780 796	248 722 472	-14 242 973	0	-4 305 774	53 022	-18 495 725	230 226 747	0	
	249 503 268	0	0	0	(780 796)	248 722 472	(14 242 973)	0	(4 305 774)	53 022	-18 495 725	230 226 747	0	
LEASED ASSETS														
Office Equipment	832 827	0	0	21 006	0	853 833	-624 543	0	6 410	0	-618 133	235 700	25 000	
	832 827	0	0	21 006	0	853 833	-624 543	0	6 410	0	-618 133	235 700	25 000	
Other Assets														
Landfill Sites	95 010 227	0	0	0	0	95 010 227	-47 999 517	0	-2 793 523	0	-50 793 040	44 217 187	0	
Office Equipment	43 256 310	-734 774	0	4 270 683	-699 520	46 092 699	-27 299 638	440 119	-1 349 582	619 183	-27 589 917	18 502 782	8 996 590	
Furniture & Fittings	11 030 630	59 358	0	445 153	-14 133	11 521 008	-6 412 044	-12 068	-82 106	13 077	-6 493 141	5 027 867	549 967	
Bins & Containers	4 169 026	0	0	0	0	4 169 026	-2 959 982	0	-144 339	0	-3 104 321	1 064 705	0	
Emergency Equipment	18 732 209	-5 975	0	310 573	-64 475	18 972 332	-7 589 623	3 585	-1 705 451	58 589	-9 232 900	9 739 431	311 513	
Motor Vehicles	94 444 674	0	0	7 887 305	-2 346 667	99 985 312	-35 827 587	-724 272	-4 050 578	1 728 242	-38 874 195	61 111 117	7 887 310	
Fire Engines	5 840 275	0	0	0	0	5 840 275	-2 081 998	0	-153 169	0	-2 235 167	3 605 109	0	
Refuse Tankers	2 569 346	0	0	0	0	2 569 346	-566 883	0	-207 163	0	-774 046	1 795 300	0	
Computer Equipment	14 472 326	735 729	0	2 585 327	-752 584	17 040 798	-5 981 807	-440 943	-2 032 099	667 145	-7 787 704	9 253 094	2 800 000	
	289 525 023	54 338	0	15 499 040	(3 877 378)	301 201 024	(136 719 079)	(733 579)	(12 518 008)	3 086 235	-146 884 431	154 316 593	20 545 380	
Total	6 234 935 449	0	211 755 622	57 437 442	-7 810 417	6 496 318 097	-2 272 857 209	-703 753	-116 830 990	3 155 202	-2 402 373 484	4 093 944 613	278 003 717	

## APPENDIX B

## ANALYSIS OF INTANGIBLES AS AT 30 JUNE 2012

	Cost						Accumulated Amortisation						Carrying Value R	Budget Additions 2 012
	Opening Balance R	Transfers/ Adjustments R	Work in Progress R	Additions R	Disposals R	Closing Balance R	Opening Balance R	Transfers/ Adjustments R	Additions R	Disposals R	Closing Balance R			
Intangible assets	8 492 872	0	0	2 710 393	0	11 203 266	-3 908 175	0	-858 278	0	-4 766 453	6 436 813	3 036 717	
Total	8 492 872	0	0	2 710 393	0	11 203 266	-3 908 175	0	-858 278	0	-4 766 453	6 436 813	3 036 717	

## APPENDIX B

## ANALYSIS OF INVESTMENT PROPERTIES AS AT 30 JUNE 2012

	Cost						Accumulated Depreciation						Carrying Value R	Budget Additions 2 012
	Opening Balance R	Transfers/ Adjustments	Work in Progress R	Additions R	Disposals R	Closing Balance R	Opening Balance R	Transfers/ Adjustments R	Additions R	Disposals R	Closing Balance R			
Investment Properties	40 450 000	0	0	0	0	40 450 000	0	0	0	0	0	40 450 000	0	
Total	40 450 000	0	0	0	0	40 450 000	0	0	0	0	0	40 450 000	0	
Grand Total	6 283 878 321	0	211 755 622	60 147 836	-7 810 417	6 547 971 362	-2 276 765 384	-703 753	-117 689 268	3 155 202	-2 407 139 937	4 140 831 426	281 040 434	

**APPENDIX B(1)**  
**RECONCILIATION OF CARRYING VALUE OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2012**

Reconciliation of Carrying Value	Land and Buildings R	Infrastructure R	Community R	Heritage R	Housing R	Other R	Finance Leases	Total R
<b>Carrying values at 1 July 2011</b>	<b>1 056 918 614</b>	<b>2 382 932 766</b>	<b>132 846 287</b>	<b>1 106 052</b>	<b>235 260 295</b>	<b>152 805 944</b>	<b>208 284</b>	<b>3 962 078 241</b>
Cost	1 072 547 010	4 466 745 249	154 676 021	1 106 052	249 503 268	289 525 023	832 827	6 234 935 449
Accumulated depreciation	-15 628 396	-2 083 812 484	-21 829 734	0	-14 242 973	-136 719 079	-624 543	-2 272 857 209
Acquisitions	8 128 148	224 004 243	21 540 627	0	0	15 499 040	21 006	269 193 064
Transfers/Adjustments	-975 551	0	921 213	0	0	54 338	0	0
Depreciation	-1 268 025	-92 497 886	-6 247 707	0	0	-12 518 008	6 410	-112 525 216
Depreciation Adjustments	44 136	0	-14 310	0	-4 305 774	-733 579	0	-5 009 527
<b>Carrying value of disposals</b>	<b>-3 131 742</b>	<b>0</b>	<b>-4 556</b>	<b>0</b>	<b>-727 774</b>	<b>-791 143</b>	<b>0</b>	<b>-4 655 215</b>
Cost	-3 131 742	0	-20 500	0	-780 796	-3 877 378	0	-7 810 417
Accumulated depreciation	0	0	15 944	0	53 022	3 086 235	0	3 155 202
<b>Carrying Values at 30 June 2012</b>	<b>1 059 715 580</b>	<b>2 499 302 389</b>	<b>149 041 553</b>	<b>1 106 052</b>	<b>230 226 747</b>	<b>154 316 593</b>	<b>235 700</b>	<b>4 093 944 613</b>
Cost	1 076 567 865	4 690 749 492	177 133 304	1 106 052	248 775 494	304 287 259	853 833	6 499 473 299
Accumulated depreciation	-16 852 285	-2 191 447 104	-28 091 751	0	-18 548 747	-149 970 666	-618 133	-2 405 528 686

**APPENDIX B(1)**  
**RECONCILIATION OF CARRYING VALUE OF INTANGIBLES AS AT 30 JUNE 2012**

Reconciliation of Carrying Value	Land and Buildings R	Infrastructure R	Community R	Heritage R	Housing R	Other R	Intangibles	Total R
<b>Carrying values at 1 July 2011</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4 584 697</b>	<b>4 584 697</b>
Cost	0	0	0	0	0	0	8 492 872	8 492 872
Amortisation	0	0	0	0	0	0	-3 908 175	-3 908 175
Acquisitions	0	0	0	0	0	0	2 710 393	2 710 393
Depreciation based on cost	0	0	0	0	0	0	-858 278	-858 278
<b>Carrying Values at 30 June 2012</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6 436 813</b>	<b>6 436 813</b>
Cost	0	0	0	0	0	0	11 203 266	11 203 266
Amortisation	0	0	0	0	0	0	-4 766 453	-4 766 453

**APPENDIX B(1)**  
**RECONCILIATION OF CARRYING VALUE OF INVESTMENT PROPERTIES AS AT 30 JUNE 2012**

Reconciliation of Carrying Value	Land and Buildings R	Infrastructure R	Community R	Heritage R	Housing R	Other R	Investment Property	Total R
<b>Carrying values at 1 July 2011</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>40 450 000</b>	<b>40 450 000</b>
Fair Value	0	0	0	0	0	0	40 450 000	40 450 000
Other Movements	0	0	0	0	0	0	0	0
<b>Carrying Values at 30 June 2012</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>40 450 000</b>	<b>40 450 000</b>
Fair Value	0	0	0	0	0	0	40 450 000	40 450 000

**APPENDIX C**  
**SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2012**

	Cost						Accumulated Depreciation					Carrying Value	Budget / Additions 2012 R
	Opening Balance R	Transfers/ Adjustments R	Work In Progress	Additions R	Disposals R	Closing Balance R	Opening Balance R	Transfers/ Adjustments R	Additions R	Disposals R	Closing Balance R		
Executive & Council	4 445 982	0	0	208 815	-123 081	4 531 716	-2 962 153	0	-62 329	105 403	-2 919 080	1 612 635	1 266 037
Budget & Treasury	7 414 566	285 105	0	443 163	-212 019	7 930 815	-4 330 608	0	-401 544	187 097	-4 545 055	3 385 760	513 067
Corporate Services	951 622 907	-285 105	1 395 449	12 211 044	-4 270 065	960 674 230	-72 550 787	-724 272	-10 123 434	2 233 125	-81 165 368	879 508 862	15 332 198
Planning and Development	9 875 648	3 166 710	0	2 270 641	-170 402	15 142 597	-3 521 266	0	-592 886	145 860	-3 968 292	11 174 305	2 315 062
Health	1 102 263	0	0	139 999	0	1 242 262	-184 800	0	-104 064	0	-288 864	953 399	140 000
Comm. & Social Services	35 763 131	0	11 369 610	7 518 548	-113 023	54 538 266	-7 138 917	0	114 960	98 526	-6 925 430	47 612 835	18 945 827
Housing	614 493 796	-3 166 710	7 078 627	1 806 266	-2 590 114	617 621 865	-24 247 846	20 519	-7 003 765	84 992	-31 146 100	586 475 765	9 156 704
Public Safety	14 831 634	0	0	825 441	-105 965	15 551 110	-7 092 057	0	-704 164	90 698	-7 705 522	7 845 588	1 077 485
Sport and Recreation	59 426 152	0	0	4 885 238	-25 422	64 285 967	-12 898 974	0	-3 930 189	22 514	-16 806 650	47 479 318	5 352 365
Waste Management/Solid Waste	105 346 735	0	6 825 717	49 758	-7 307	112 214 904	-50 945 778	0	-2 931 223	6 195	-53 870 806	58 344 098	6 980 525
Waste Water Management/Sewerage	785 372 759	0	126 161 903	1 615 097	-10 985	913 138 773	-313 779 507	0	-7 718 189	9 935	-321 487 761	591 651 013	132 681 585
Road Transport	1 123 777 179	0	17 153 628	3 195 514	-5 045	1 144 121 276	-543 208 512	0	-32 026 185	5 045	-575 229 652	568 891 624	19 700 807
Water	762 566 453	0	37 196 580	6 539 828	-22 282	806 280 579	-352 601 140	0	-11 949 537	19 800	-364 530 878	441 749 701	43 858 915
Electricity	1 758 896 245	0	4 574 108	15 728 089	-154 705	1 779 043 736	-877 394 862	0	-39 398 442	146 012	-931 784 025	847 259 711	20 683 140
<b>TOTAL</b>	<b>6 234 935 449</b>	<b>0</b>	<b>211 755 622</b>	<b>57 437 442</b>	<b>-7 810 417</b>	<b>6 496 318 097</b>	<b>-2 272 857 208</b>	<b>-703 753</b>	<b>-116 830 990</b>	<b>3 155 202</b>	<b>-2 402 373 483</b>	<b>4 093 944 613</b>	<b>278 003 717</b>

**APPENDIX C**

	Cost						Accumulated Depreciation					Carrying Value	Budget / Additions 2012 R
	Opening Balance R	Transfers/ Adjustments R	Work In Progress	Additions R	Disposals R	Closing Balance R	Opening Balance R	Transfers/ Adjustments R	Additions R	Disposals R	Closing Balance R		
Executive & Council	1 469 130	0	0	1 011 305	0	2 480 435	-1 025 953	0	279 937	0	-746 016	1 734 419	1 431 717
Finance & Admin	63 267	0	0	0	0	63 267	-63 267	0	-28 119	0	-91 386	-28 119	0
Corporate Services	5 705 547	0	0	1 699 088	0	7 404 636	-2 312 318	0	-864 408	0	-3 176 726	4 227 910	1 605 000
Planning and Development	832 351	0	0	0	0	832 351	-325 425	0	-166 470	0	-491 895	340 456	0
Community Services	120 000	0	0	0	0	120 000	-50 000	0	-24 000	0	-74 000	46 000	0
Public Safety	26 767	0	0	0	0	26 767	-16 707	0	-56	0	-16 763	10 004	0
Sport & Recreation	273 669	0	0	0	0	273 669	-113 293	0	-54 734	0	-168 026	105 643	0
Electricity	2 141	0	0	0	0	2 141	-1 213	0	-428	0	-1 641	500	0
<b>TOTAL</b>	<b>8 492 872</b>	<b>0</b>	<b>0</b>	<b>2 710 393</b>	<b>0</b>	<b>11 203 266</b>	<b>-3 908 175</b>	<b>0</b>	<b>-858 278</b>	<b>0</b>	<b>-4 766 453</b>	<b>6 436 812</b>	<b>3 036 717</b>

**APPENDIX C**  
**SEGMENTAL ANALYSIS OF INVESTMENT PROPERTIES AS AT 30 JUNE 2012**

	Cost						Accumulated Depreciation					Carrying Value	Budget / Additions 2011 R
	Opening Balance R	Transfers/ Adjustments R	Work In Progress	Additions R	Disposals R	Closing Balance R	Opening Balance R	Transfers/ Adjustments R	Additions R	Disposals R	Closing Balance R		
Corporate Services	40 450 000	0	0	0	0	40 450 000	0	0	0	0	0	40 450 000	0
<b>TOTAL</b>	<b>40 450 000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>40 450 000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>40 450 000</b>	<b>0</b>

<b>TOTAL</b>	<b>6 283 878 321</b>	<b>0</b>	<b>211 755 622</b>	<b>60 147 835</b>	<b>-7 810 417</b>	<b>6 547 971 362</b>	<b>-2 276 765 383</b>	<b>-703 753</b>	<b>-117 689 268</b>	<b>3 155 202</b>	<b>-2 407 139 937</b>	<b>4 140 831 425</b>	<b>281 040 434</b>
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**APPENDIX D**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2012**

<b>2011 Actual Income R</b>	<b>2011 Actual Expenditure R</b>	<b>2011 Surplus/ (Deficit) R</b>		<b>2012 Actual Income R</b>	<b>2012 Actual Expenditure R</b>	<b>2012 Surplus/ (Deficit) R</b>
11 183 421	33 542 066	-22 358 645	Executive & Council	6 188 383	52 980 558	-46 792 175
169 239 700	45 546 238	123 693 462	Budget and Treasury office	175 617 154	49 130 221	126 486 933
2 003 056	80 848 227	-78 845 171	Corporate Services	1 799 518	118 071 239	-116 271 722
3 695 625	25 784 007	-22 088 382	Planning and Development	3 149 390	26 963 558	-23 814 167
1 273	6 058 191	-6 056 918	Health	2 926	5 022 190	-5 019 264
2 727 160	20 542 088	-17 814 928	Comm. & Social Services	7 139 101	18 358 150	-11 219 049
37 143 388	72 283 648	-35 140 260	Housing	64 151 028	103 586 384	-39 435 355
16 509 578	44 637 855	-28 128 277	Public Safety	14 894 751	37 518 423	-22 623 672
3 472 066	55 813 402	-52 341 336	Sport and Recreation	2 381 604	44 657 098	-42 275 494
65 886 032	57 430 429	8 455 602	Waste Management/Solid Waste	70 470 871	41 985 612	28 485 259
80 722 100	54 215 384	26 506 716	Waste Water Management/Sewerage	97 938 949	45 245 538	52 693 411
566 241	77 350 676	-76 784 434	Road Transport	2 167 562	73 878 827	-71 711 265
99 110 664	61 233 429	37 877 235	Water	116 972 478	57 777 784	59 194 693
533 327 242	428 878 034	104 449 208	Electricity	602 237 644	518 989 178	83 248 466
<b>1 025 587 546</b>	<b>1 064 163 674</b>	<b>-38 576 128</b>	<b>Total</b>	<b>1 165 111 358</b>	<b>1 194 164 760</b>	<b>-29 053 402</b>

**APPENDIX E(1)**  
**ACTUAL REVENUE AND EXPENDITURE VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2012**

	Actual R	Budget R	Variance R	Variance %	Explanation of Variances greater than 10%
<b>REVENUE</b>					
Property rates	165 731 846	169 603 446	3 871 600	2.28%	
Property rates - penalties imposed and collection charges	1 207 033	1 450 000	242 967	16.76%	Due to stricter credit control measures customers made arrangement for their accounts and therefore less penalties charged.
Service charges	753 048 878	794 389 541	41 340 663	5.20%	
Rental of facilities and equipment	18 773 986	18 335 843	-438 143	-2.39%	
Interest - external investments	5 322 775	8 374 817	3 052 042	36.44%	Due to lower interest rates by banks because of interest rate cuts
Dividends - stock	15 120	15 120	0	0.00%	
Interest earned Outstanding Debtors	9 063 784	8 800 000	-263 784	-3.00%	
Fines	4 615 860	8 788 500	4 172 640	47.48%	Less fines because of fixed location of cameras
Licenses and permits	10 133 545	10 637 750	504 205	4.74%	
Government grants and subsidies	178 606 841	228 904 835	50 297 994	21.97%	Low expenditure on housing grant
Other income	17 262 233	20 684 373	3 422 140	16.54%	Due to a drop in new electricity connections and building plan fees there was a decrease in income.
Gains on disposal of property , plant and equipment	1 329 458	4 000 000	2 670 542	66.76%	There were less properties sold as expected.
<b>Total Revenue</b>	<b>1 165 111 358</b>	<b>1 273 984 225</b>	<b>108 872 867</b>	<b>8.55%</b>	
<b>EXPENDITURE</b>					
Employee related costs	319 077 352	291 556 387	-27 520 965	-9.44%	
Remuneration of councilors	16 653 674	16 926 724	273 050	1.61%	
Bad debts	17 854 920	26 074 550	8 219 630	31.52%	Due to provision for Vat on impairment
Collection costs	8 951 735	5 959 800	-2 991 935	-50.20%	More sale of prepaid electricity points installed which resulted in an increased collection costs.
Depreciation	132 890 965	130 195 510	-2 695 455	-2.07%	
Repairs and maintenance	54 056 421	72 019 384	17 962 963	24.94%	Shortage of bitumen and non supply of Tar courses underspend of street maintenance and scarcity/critical skills of electricians leads to underspend in electricity maintenance.
Interest on external borrowings	36 853 855	36 867 554	13 699	0.04%	
Bulk purchases	429 651 636	424 231 731	-5 419 905	-1.28%	
Contracted services	8 971 938	9 177 964	206 026	2.24%	
Grants and subsidies paid	664 727	664 743	16	0.00%	
General expenses - other (including abnormal expenses)	166 260 714	189 238 305	22 977 591	12.14%	Grants expenditure less than budgeted . Also linked to other income which is less than budgeted amount.
Loss on disposal of property , plant and equipment	2 276 824	0	-2 276 824	0.00%	
<b>Total Expenditure</b>	<b>1 194 164 760</b>	<b>1 202 912 652</b>	<b>8 747 893</b>	<b>0.73%</b>	
<b>NET SURPLUS / (DEFICIT) FOR THE YEAR</b>	<b>-29 053 402</b>	<b>71 071 573</b>	<b>100 124 975</b>	<b>140.88%</b>	

**APPENDIX E (3)**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2012**

	<b>2012 Budget Income R</b>	<b>2012 Actual Income R</b>	<b>2012 Variance Income R</b>	<b>2012 Variance Income %</b>
EXECUTIVE AND COUNCIL	9 673 401	6 188 383	3 485 018	36.03%
BUDGET AND TREASURY OFFICE	183 557 709	175 617 154	7 940 555	4.33%
CORPORATE SERVICES	9 192 199	1 799 518	7 392 681	80.42%
PLANNING AND DEVELOPMENT	6 002 238	3 149 390	2 852 848	47.53%
HEALTH	2 000	2 926	-926	-46.30%
COMMUNITY AND SOCIAL SERVICES	7 603 327	7 139 101	464 226	6.11%
HOUSING	84 062 584	64 151 028	19 911 556	23.69%
PUBLIC SAFETY	19 487 600	14 894 751	4 592 849	23.57%
SPORT AND RECREATION	2 805 640	2 381 604	424 036	15.11%
WASTE MANAGEMENT	73 711 909	70 470 871	3 241 038	4.40%
WASTE WATER MANAGEMENT	117 291 893	97 938 949	19 352 944	16.50%
ROAD TRANSPORT	2 293 728	2 167 562	126 166	5.50%
WATER	119 614 042	116 972 478	2 641 564	2.21%
ELECTRICITY	638 685 955	602 237 644	36 448 311	5.71%
<b>Total</b>	<b>1 273 984 225</b>	<b>1 165 111 358</b>	<b>108 872 867</b>	<b>8.55%</b>
	<b>2012 Budget Expenditure R</b>	<b>2012 Actual Expenditure R</b>	<b>2012 Variance Expenditure R</b>	<b>2012 Variance Expenditure %</b>
EXECUTIVE AND COUNCIL	60 001 037	52 980 558	7 020 479	11.70%
BUDGET AND TREASURY OFFICE	52 313 762	49 130 221	3 183 541	6.09%
CORPORATE SERVICES	107 762 048	118 071 239	-10 309 191	-9.57%
PLANNING AND DEVELOPMENT	27 987 176	26 963 558	1 023 618	3.66%
HEALTH	5 165 493	5 022 190	143 303	2.77%
COMMUNITY AND SOCIAL SERVICES	22 753 466	18 358 150	4 395 316	19.32%
HOUSING	111 420 239	103 586 384	7 833 855	7.03%
PUBLIC SAFETY	39 674 917	37 518 423	2 156 494	5.44%
SPORT AND RECREATION	45 948 152	44 657 098	1 291 054	2.81%
WASTE MANAGEMENT	43 265 048	41 985 612	1 279 436	2.96%
WASTE WATER MANAGEMENT	48 253 327	45 245 538	3 007 789	6.23%
ROAD TRANSPORT	71 868 915	73 878 827	-2 009 912	-2.80%
WATER	58 205 376	57 777 784	427 592	0.73%
ELECTRICITY	508 293 696	518 989 178	-10 695 482	-2.10%
<b>Total</b>	<b>1 202 912 652</b>	<b>1 194 164 760</b>	<b>8 747 892</b>	<b>0.73%</b>
<b>NET SURPLUS / (DEFICIT) FOR THE YEAR</b>	<b>71 071 573</b>	<b>-29 053 402</b>	<b>100 124 975</b>	<b>140.88%</b>



**APPENDIX E(2)**

**ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY , PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2012**

	2012 Actual R	2012 Budget R	2012 Variance R	2012 Variance %	Explanation of Variances greater than 10% R
<b>Land and Buildings</b>					
Buildings	8 128 148	8 228 984	100 836	1.23%	
	<b>8 128 148</b>	<b>8 228 984</b>	<b>100 836</b>	<b>1.23%</b>	
<b>Infrastructure</b>					
Roads	21 893 633	21 963 858	70 225	0.32%	
Electricity Mains	10 580 116	10 701 819	121 703	1.14%	
Electricity Peak Load Equipment	6 536 302	6 904 280	367 978	5.33%	
Reservoirs - Water	4 833 779	4 833 779	0	0.00%	
Water Mains	46 058 814	47 274 999	1 216 185	2.57%	
Sewerage Mains & Purification	134 101 599	135 920 371	1 818 772	1.34%	
	<b>224 004 243</b>	<b>227 599 106</b>	<b>3 594 863</b>	<b>1.58%</b>	
<b>Community Assets</b>					
Parks & Gardens	1 006 418	1 028 597	22 179	2.16%	
Libraries	5 294 995	5 283 626	-11 369	-0.22%	
Recreation Grounds	1 860 453	1 893 481	33 028	1.74%	
Civic Buildings	13 378 761	13 379 543	782	0.01%	
	<b>21 540 627</b>	<b>21 585 247</b>	<b>44 620</b>	<b>0.21%</b>	
<b>Other Assets</b>					
Office Equipment	4 270 683	9 041 590	4 770 907	52.77%	Less office equipment was acquired due to budget cutt backs
Furniture & Fittings	445 152	549 967	104 815	19.06%	Less furniture and equipment was acquired due to budget cutt backs
Emergency Equipment	310 573	311 513	940	0.30%	
Motor Vehicles	7 887 305	7 887 310	5	0.00%	
Computer Equipment	2 606 333	2 747 997	141 664	5.16%	
	<b>15 520 046</b>	<b>20 538 377</b>	<b>5 018 331</b>	<b>24.43%</b>	
<b>Total</b>	<b>269 193 064</b>	<b>277 951 714</b>	<b>8 758 650</b>	<b>3.15%</b>	

**APPENDIX E(2)**

**ACTUAL VERSUS BUDGET (INTANGIBLES) FOR THE YEAR ENDED 30 JUNE 2012**

	2012 Actual R	2012 Budget R	2012 Variance R	2012 Variance %	Explanation of Variances greater than 10% R
Intangible Assets	2 710 393	3 088 725	378 332	12.25%	Less intangibles was acquired due to budget cutt backs
<b>Total</b>	<b>2 710 393</b>	<b>3 088 725</b>	<b>378 332</b>	<b>12.25%</b>	
<b>Total</b>	<b>271 903 457</b>	<b>281 040 439</b>	<b>9 136 982</b>	<b>3.25%</b>	

**APPENDIX F**  
**DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF THE MFMA, 56 OF 2003**

DESCRIPTION	FUNDER	OPENING BALANCE JULY 2011	Quarterly Receipts						Quarterly Expenditure (Capital & Operating)					CLOSING BALANCE 30/06/2012
			September R	December R	March R	June R	Total	Interest Received R	September R	December R	March R	June R	Total R	
Indigent Policy Fund	National Government	-6 512 490.55	-24 556 000	-19 627 000	-16 516 000	-1 777 000	-62 476 000	0	17 496 382	16 644 521	16 843 852	13 095 108	64 079 864	-4 908 626
Crip Projects	National Government	-100 563.79	-12 856 479	-7 050 000	-9 012 521	0	-28 919 000	0	7 452 169	6 376 546	6 022 885	9 167 964	29 019 564	0
Bucket Eradication: WC056	National Government	-754.83	0	0	0	0	0	0	0	0	0	0	0	-755
Water Services Asset Management	National Government	-346 248.76	0	0	0	0	0	-14 108	0	0	0	161 120	161 120	-199 237
Budget Reform programme - National Treasury	National Government	-169 731.41	-1 250 000	0	0	0	-1 250 000	0	87 828	257 708	865 066	209 129	1 419 731	-0
Proclaimed Roads Subsidies	Provincial Government	0.00	0	0	0	-59 209	-59 209	0	0	0	0	59 209	59 209	0
Cartersville Housing Project	Provincial Government	-956 502.59	0	0	0	0	0	0	0	0	0	0	0	-956 503
1068 Hulse WDR Skenking	Provincial Government	-920 603.70	0	0	0	0	0	0	0	0	0	0	0	-920 604
Drommedaris Street EHP	Provincial Government	0.00	-14 253 800	0	-6 985 522	-6 798 372	-28 037 694	0	0	0	0	28 037 694	28 037 694	0
Project 2 - Mbekweni (Housing Scheme 49)	Provincial Government	-939 934.95	0	0	0	-786 010	-786 010	0	3 827 252	4 701 599	10 966 741	-19 134 780	360 812	-1 365 133
Housing Project 59 (Fairlyland)	Provincial Government	0.00	-3 127 918	0	-895 375	715 026	-3 308 268	0	0	0	0	3 308 268	3 308 268	0
Unspend money project 59 (guarantee)	Other	-592 190.39	0	0	0	0	0	-31 445	0	0	0	0	0	-623 636
New Seyayama	Provincial Government	0.00	0	0	-5 790 974	3 357 867	-2 433 107	0	0	0	0	2 129 848	2 129 848	-303 259
Erf 2220	Provincial Government	-1 288 303.55	0	0	0	-266 036	-266 036	0	0	0	0	243 983	243 983	-1 310 357
Gouda	Provincial Government	0.00	-2 238 438	-782 483	-1 304 138	-891 492	-5 216 550	0	0	0	0	3 212 923	3 212 923	-2 003 627
T/F:EMERGENCY KITS:O R THAMBO INF SETTLE	Other	-14 307.06	0	0	0	0	0	0	0	0	0	0	0	-14 307
DALJOSAPHAT TRANSFERS	Provincial Government	-453 180.00	0	0	0	0	0	0	0	0	0	0	0	-453 180
KINGSTON	Provincial Government	-1 523 158.40	-2 610 900	0	0	-1 350 762	-3 961 662	0	322	0	0	5 401 498	5 401 498	-83 322
LANTANA	Provincial Government	-945 550.00	0	0	-405 212	1 350 762	945 550	0	0	0	0	0	0	0
SIYASHALA	Provincial Government	-1 349 000.00	0	0	-539 600	0	-539 600	0	0	0	0	1 810 121	1 810 121	-78 479
AMSTELHOF PROJECT 35	Provincial Government	-10 347.77	0	-20 394	0	20 394	0	0	0	0	0	0	0	-10 348
Library Personell Grant	Provincial Government	-92 179.66	-4 451 000	3 549 000	-451 000	0	-1 353 000	-6 962	46 478	11 500	83 143	1 134 014	1 275 136	-177 006
Mucipal Systems Improvement Grant	National Government	-10 415.88	-790 000	0	0	0	-790 000	0	2 500	6 686	32 436	758 794	800 416	1
Library Building Grant ( Transition Grant)	Provincial Government	0.00	0	-4 000 000	0	0	-4 000 000	-538	1 682 218	1 812 292	422 166	63 071	3 979 747	-20 791
Soccerfield	Other	-123 032.95	0	0	0	0	0	0	0	0	0	104 000	104 000	-19 033
Library Gouda	Provincial Government	-1 099.30	0	0	0	0	0	0	0	0	0	0	0	-1 099
Mbekweni Business Hive	Provincial Government	-369 412.53	0	0	0	0	0	0	0	0	0	0	0	-369 413
Housing Consumer Education	Provincial Government	-21 788.37	-150	0	0	150	0	-1 157	0	0	0	0	0	-22 945
Community Development Workers	Provincial Government	-240 495.59	0	0	-182 000	0	-182 000	-15 952	0	3 750	6 150	52 255	62 155	-376 293
Land for provision of Industrial & Residential purposes	Provincial Government	-567 549.80	0	0	0	0	0	-16 000	0	0	0	532 457	532 457	-51 093
Abor City Awards	Provincial Government	-228 854.55	0	-250 000	0	0	-250 000	-18 790	0	0	0	0	0	-497 644
RBIG - Grant	Provincial Government	-3 091 900.09	0	0	-12 000 000	0	-12 000 000	-210 895	0	0	7 483 733	2 756 755	10 240 489	-5 062 306
Daljosafat Sintetise Atletiekbaan	Other	-24 491.92	0	0	0	0	0	0	0	0	0	24 000	24 000	-492
Erf 2220: Stormwater upgrade	Other	-1.00	0	0	0	0	0	0	0	0	0	0	0	-1
HIV/AIDS Program	Other	-41 093.60	0	0	0	0	0	0	0	0	0	0	0	-41 094
Opleiding Levy	Other	-238 476.45	-354 931	-287 383	-672 979	-101 565	-1 416 858	-32 696	0	0	0	662 325	662 325	-1 025 705
EPWP - Roads and Cleansing	Other	0.00	0	0	-83 000	-94 000	-177 000	-2 081	0	0	0	98 606	98 606	-80 475
Water and sewerage repairs: De Oude Brug	Other	-5 995.26	0	0	0	0	0	0	0	0	0	0	0	-5 995
Annual Update of water & Sewerage Masterplans	Other	-129 832.12	0	0	0	0	0	0	0	0	0	129 832	129 832	-0
BULK WATER RESOURCE STUDY(R200000)PRL&W	Other	-87 780.22	0	0	0	0	0	0	0	0	0	0	0	-87 780
ANNUAL UPDATE OFWSDP (R150000)	Other	-54 465.16	0	0	0	0	0	0	54 465	0	0	0	54 465	0
DEPARTMENT OF PUBLIC WORKS (TAXI RANK)	Other	0.00	0	0	-400 000	0	-400 000	-7 541	0	0	0	115 961	115 961	-291 581
Electrification Funding	Other	-206 575.93	-2 000 000	0	0	0	-2 000 000	-8 955	291 521	252 563	1 193 770	337 994	2 075 849	-139 683
Sport Facilities	Other	-7 357.71	0	0	0	0	0	0	0	0	0	0	0	-7 358
Writing Festival (Donor Agency Funding)	Other	-4 875.70	0	0	0	0	0	0	0	0	0	0	0	-4 876
Lottery Moneys ( Saron )	Other	-221 178.56	0	0	0	0	0	-11 745	0	0	0	0	0	-232 923
Swartberg street Concrete for bins	Other	-3 594.15	0	0	0	0	0	0	0	0	0	0	0	-3 594
Land Audit ((Transferred to 900012010704)	Other	-12 948.97	0	0	0	0	0	0	0	0	0	0	0	-12 949
Cape Winelands - ID Campaign	Other	-46 996.74	0	0	0	0	0	0	0	0	0	0	0	-46 997
GOLF SHIRTS:PURCHASE & PAYMENT	Other	-570.00	0	0	0	0	0	0	0	0	0	0	0	-570
Bergriver Pollution Study	Other	-195 812.95	0	0	0	0	0	0	0	0	0	195 809	195 809	-4
Perelormance Management System	Other	-11 962.46	0	0	0	0	0	-635	0	0	0	0	0	-12 598
HERMON WATER AANSLUITINGS	Other	-112 749.17	0	0	0	0	0	0	0	0	0	112 705	112 705	-44
T/F:TOEKENING VIR INFRASTRUK PROJEKT CWL	Other	-2 108 500.06	0	0	-299 996	-78 551	-378 547	-122 012	0	0	0	0	0	-2 609 059
NEDBANK CONTRACTOR DEV TRAINING PROGRAM	Other	-274 562.73	0	0	0	0	0	0	0	0	0	0	0	-274 563
STORMWATER MASTER PLAN (R200000)W/TON	Other	-239 201.09	0	0	0	0	0	0	0	0	0	0	0	-239 201
DONATIONS WATER WEEK	Other	-22 798.48	0	0	-40 500	-25 000	-65 500	0	0	0	4 410	12 976	17 386	-70 912
TARING OF SIDEWALKS O/R THAMBO	Other	-1 442 175.00	-1 430	-204	1 634	0	0	-38 527	0	91 614	889 908	451 732	1 433 255	-47 447
INDUSTRIAL DEVELOPMENT CORP SUPPORT FUND	Other	0.00	0	-200 000	0	0	-200 000	-5 310	0	0	0	0	0	-205 310
Bulk Seivices Levy - Water and Sewerage	Other	-1 145 803.93	-42 648	-30 052	-74 068	-360 383	-507 150	0	131 260	21 231	12 825	0	165 316	-1 487 638
Bulk Seivices Levy - Electricity	Other	-583 963.27	-3 628	0	-7 353	-12 378	-23 359	0	85 666	7 077	4 275	0	97 018	-510 304
Gaussian Resource ( Gaurentee )	Other	-65 437.76	0	0	0	0	0	-3 475	0	0	0	0	0	-68 913
Imvusa Trading riol ( Gaurentee )	Other	-10 063.15	0	0	0	0	0	-534	0	0	0	0	0	-10 598
John Miller (Subdivision Erf413)	Other	-3 391.91	0	0	0	0	0	-180	0	0	0	0	0	-3 572
GUARANTEE:SUNRISE CONSTRUCTION	Other	-45 325.50	0	0	0	0	0	-2 407	0	0	0	0	0	-47 732
		-28 217 577.43	-68 537 323	-28 698 516	-77 028 510	-5 028 650	-179 292 999	-551 945.13	31 157 739	30 187 088	44 831 360	74 487 373	180 663 561	-27 398 961

**APPENDIX G**  
**DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF THE MFMA, 56 OF 2003**

NAME OF GRANT	REASON FOR RECEIPT	FUNDING	OPENING BALANCE 1 July /2011	CLOSING BALANCE 30 June 2012
Indigent Policy Fund	Funding of Indigent Debtors	Ongoing	-6 512 490.55	-4 908 626.38
Cmp Projects	Funding of Infrastructure projects	Ongoing	-100 563.79	0.00
Bucket Eradication: WC056	Bucket Eradication	Once	-754.83	-754.83
Water Services Asset Management	Asset Management	Once	-346 248.76	-199 236.83
Budget Reform programme - National Treasury	Intern Programme	Ongoing	-169 731.41	-0.41
Carterville Housing Project	Housing Projects	Ongoing	-956 502.59	-956 502.59
1068 Huise WDR Skenking	Housing Projects	Ongoing	-920 603.70	-920 603.70
Project 2 - Mbekweni (Housing Scheme 49)	Housing Projects	Ongoing	-939 934.95	-1 365 132.97
Unspend money project 59 (guarentee)	Housing Projects	Ongoing	-592 190.39	-623 635.70
New Seyayama	Housing Projects	Ongoing	0.00	-303 259.20
Erf 2220	Housing Projects	Ongoing	-1 288 303.55	-1 310 356.64
Gouda	Housing Projects	Ongoing	0.00	-2 003 627.45
T/F:EMERGENCY KITS:O R THAMBO INF SETTLE	Housing Projects	Ongoing	-14 307.06	-14 307.06
DALJOSAPHAT TRANSFERS	Housing Projects	Ongoing	-453 180.00	-453 180.00
KINGSTON	Housing Projects	Ongoing	-1 523 158.40	-83 322.22
LANTANA	Housing Projects	Ongoing	-945 550.00	0.00
SIYASHALA	Housing Projects	Ongoing	-1 349 000.00	-78 478.99
AMSTELHOF PROJECT 35	Housing Projects	Ongoing	-10 347.77	-10 347.77
Library Personell Grant	Satellite Liraries	Ongoing	-92 179.66	-177 005.85
Muicpal Systems Improvement Grant	Capacity Building	Ongoing	-10 415.88	0.53
Library Building Grant ( Transition Grant)	Building of Library	Once	0.00	-20 791.16
Soccerfield	Upgrading of Soccerfield	Once	-123 032.95	-19 032.95
Library Gouda	Create Infrastructure	Once	-1 099.30	-1 099.30
Mbekweni Business Hive	Construction Work	Once	-369 412.53	-369 412.53
Housing Consumer Education	Housing Projects	Once	-21 788.37	-22 945.33
Community Development Workers	Community Development	Ongoing	-240 495.59	-376 292.67
Land for provision of Industrial & Residential purposes	Land Study	Once	-567 549.80	-51 092.74
Abor City Awards	Tree Planting	Once	-228 854.55	-497 644.23
RBIG - Grant	Create Infrastructure	Ongoing	-3 091 900.09	-5 062 306.03
Daljosafat Sintetise Atletiekbaan	Improvement of track	Once	-24 491.92	-491.92
Erf 2220: Stormwater upgrade	Housing Projects	Once	-1.00	-1.00
HIV/AIDS Program	HIV/AIDS Program	Once	-41 093.60	-41 093.60
Opleiding Levy	Training	Ongoing	-238 476.45	-1 025 704.67
EPWP - Roads and Cleansing	Job Creation	Ongoing	0.00	-80 475.46
Water and sewerage repairs: De Oude Brug	Create Infrastructure	Once	-5 995.26	-5 995.26
Annual Update of water & Sewerage Masterplans	Create Infrastructure	Once	-129 832.12	-0.12
BULK WATER RESOURCE STUDY(R2000000)PRL&W	Study	Once	-87 780.22	-87 780.22
ANNUAL UPDATE OFWSDP (R150000)	Study	Once	-54 465.16	0.00
DEPARTMENT OF PUBLIC WORKS (TAXI RANK)	Create Infrastructure	Once	0.00	-291 580.75
Electrification Funding	Create Infrastructure	Ongoing	-206 575.93	-139 682.80
Sport Facilities	Upgrade of Sport facilities	Once	-7 357.71	-7 357.71
Writing Festival (Donor Agency Funding)	Education	Once	-4 875.70	-4 875.70
Lottery Moneys ( Saron )	Building in Library	Once	-221 178.56	-232 923.14
Swarberg street Concrete for bins	Create Infrastructure	Once	-3 594.15	-3 594.15
Land Audit ((Transferred to 900012010704)	Audit	Once	-12 948.97	-12 948.97
Cape Winelands - ID Campaign	ID Campaign	Once	-46 996.74	-46 996.74
GOLF SHIRTS:PURCHASE & PAYMENT	General	Once	-570.00	-570.00
Bergriver Pollution Study	Study	Once	-195 812.95	-3.61
Pereformance Management System	Management Performance	Once	-11 962.46	-12 597.67
HERMON WATER AANSLUITINGS	Create Infrastructure	Once	-112 749.17	-44.21
T/F:TOEKENING VIR INFRASTRUK PROJEKT CWL	Create Infrastructure	Once	-2 108 500.06	-2 609 059.09
NEDBANK CONTRACTOR DEV TRAINING PROGRAM	Development Training	Once	-274 562.73	-274 562.73
STORMWATER MASTER PLAN (R200000)W/TON	Study	Once	-239 201.09	-239 201.09
DONATIONS WATER WEEK	Water Learnership	Ongoing	-22 798.48	-70 912.16
TARING OF SIDEWALKS O/R THAMBO	Create Infrastructure	Once	-1 442 175.00	-47 446.63
INDUSTRIAL DEVELOPMENT CORP SUPPORT FUND	Create Infrastructure	Once	0.00	-205 310.01
Bulk Sevice Levy - Water and Sewerage	Create Infrastructure	Ongoing	-1 145 803.93	-1 487 637.74
Bulk Sevice Levy - Electricity	Create Infrastructure	Ongoing	-583 963.27	-510 304.39
Gaussian Resource ( Gaurentee )	Guarentee	Once	-65 437.76	-68 912.51
Imvusa Trading riool ( Gaurentee )	Guarentee	Once	-10 063.15	-10 597.50
John Miller (Subdivision Erf413)	Guarentee	Once	-3 391.91	-3 572.02
GUARANTEE:SUNRISE CONSTRUCTION	Guarentee	Once	-45 325.50	-47 732.28
			<b>-28 217 577.43</b>	<b>-27 398 960.86</b>